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FINANCIAL TIMES

No. 27,485 Tuesday February 14 1978 ***15p

BEARINGS FROM POLAND
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NEWS SUMMARY

ERIAL
omalis
answer
all
arms

sands of Somali volunteers
President Barre's call
dressing 100,000 people at
dishu, President Barre said
every Somali who could
a rifle should prepare to
his country.
gadier General Nur said
30,000 volunteers from the
if 35, had already come for-
in the Mogadishu area.
first priority was to defend
lia frontiers, but if it were
sary they would be sent into
taden.
Paris, Somalia's ambassador
his country was ready for a
fire provided the right to
termination of the western
li (Ogaden) people was
nised. Meanwhile, Cuba
ated it would not like
rious Ethiopian forces to in-
Somalia.
2m Copenhagen it was re-
id that EEC Foreign Min-
who meet there to-day, are
ocus on the Soviet Union's
ities in the Horn of Africa.
5
and Matters, Page 18

izorewa may
ce ultimatum
talks in Salisbury on ways
origing majority rule to
lesia remained deadlocked.
ree-way split was reported
have developed over the
enting position of Bishop
J Muzorewa's United African
onal Council. It was under-
d that the bishop faced an
ultatum from the other two
onist parties to sign an
ement in principle to-day or
draw.

S. supersonic
liner forecast
S. long-range supersonic air-
id's environment and be-
omic was forecast for the
1980s in a Geneva speech
Mr. William Seawall, Pan
arican World Airways chair-
who described the new
air Concord as an economic
re.

illy snow
Isles of Scilly, where the
ng flower season is in full
12, had its first real snow
Since the big freeze of 1963.
land, Wales and the North-
England continued to be the
st hit areas, but an icicle six
long and 18 inches in di-
meter, which was hanging
black Devon, was broken
down by a breeze.

utron threat
S. Soviet Union is prepared to
sure its own nuclear bomb if
West develops the weapon,
S. News Agency reported in
scow.

ope for authors
new scheme to give authors
ments from libraries has
in submitted to the Society of
thors by the Association of
ropolitan Authorities. Page
12

ories odds-on
brokers, who report receiving
re than £12,000 for the Con-
vative's win the next
eral election, including one
of £5,000 in a West London
ting office, are offering 4-6
ies, 11-10 Labour.

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ven people died and 23 were
jured in a Cairo commuter
ain collision.
reapital sales in northern
ily were banned after the
iscovery of mercury in an Israeli
upment.
argical admissions to London's
norfields Eye Hospital, High
lborn, have been cancelled
cause of fire damage to operat-
ing theatres.

CHIEF PRICE CHANGES YESTERDAY
Prices in pence unless otherwise indicated.

RISES:		
London 50-80	254 1/4	+
London 100-100	102 1/4	+
London 200-200	230 1/4	+
London 400-400	45 1/4	+
London 800-800	112 1/4	+
London 1200-1200	128 1/4	+
London 1600-1600	127 1/4	+
London 2000-2000	107 1/4	+
London 2400-2400	50 1/4	+
London 2800-2800	75 1/4	+
London 3200-3200	123 1/4	+
London 3600-3600	60 1/4	+
London 4000-4000	114 1/4	+
London 4400-4400	107 1/4	+
London 4800-4800	107 1/4	+
London 5200-5200	31 1/4	+

FALLS:

Treasury 14% 1982	1113 1/4	-
Exchequer 10 1/2% 1985	225 1/4	-
30 pds	113 1/4	-
Greater London A	200 1/4	-
Tate & Lyle	200 1/4	-
West of England Tst	42 1/4	-
Wilkinson Match	178 1/4	-

Shell tanker men close to accepting new pay offer

BY NICK GARNETT and LYNTON McLAIN

Tanker drivers at Shell, who are likely to set the pace for drivers at other oil companies, appear ready to accept a new pay offer made by the company.

Fuel shortages, caused by the drivers' overtime ban and work to rule, yesterday brought in increased industrial dislocation. Yesterday Singer, the sewing machine company, laid off 4,500 workers in Glasgow. The Government was warned of lay-offs at clay-drying companies and more paper companies said they were on the brink of total shutdown. Although at a series of mass meetings some drivers were uneasy about the new offer, Shell said that drivers at most of the major terminals appear to have accepted the deal, including those at the biggest depots in the South-East and some of the more militant ones in the Midlands.

Mr. Jack Ashwell, transport secretary for the Transport and General Workers' Union, said that the men belong to the deal would be closer to the drivers' claim of about 20 per cent. than Shell's previous offer of about 15 per cent.

Mr. Ashwell said there was now no productivity element in the deal which included a greater degree of consolidation into basic rates than the previous offer.

The union has stipulated that the same offer should be made to BP, Esso and Texaco, who are also involved in the dispute, and that it should also apply to contracting hauliers used by oil companies.

Shell said the new offer was still within pay guidelines, although the Employment Department said that it had still to study the details.

Shell shop stewards are meeting to-day to discuss the drivers' response. Shop stewards from the other main companies whose drivers are involved in the overtime ban, are also meeting this week.

Singer laid off the entire workforce at its Clydebank sewing machine works when oil supplies dried-up.

Elsewhere, process plants continued to take the brunt of the shortfall. Clay-drying companies in the West Midlands warned Mr. Anthony Wedgwood Benn, Energy Secretary, of layoffs and the danger of explosions in empty liquid gas tanks and of collapsing kilns. Mr. Benn was asked to use his powers under the Emergency Act 1976 to ration oil.

Two-thirds of the estimated 4,000 workforce in Britain's clay brick, pipe, tile and refractory sector represented by the National Federation of Clay Industries could be laid off.

In the west Midlands, men have already been sent home from plants making refractory bricks for steel blast furnaces.

Maltby Metallic Brick Company said it may lay off 70 of its 190 workforce, and in Buxton, Derbyshire, the DSR Refractory company said 120 production workers and 45 engineering staff could be laid off.

Hawkins Tiles (Cannock) and Barker and Briscoe, Cheshire, both said lay-offs could be imminent. Other companies were "hanging on by the skin of their teeth," the federation said.

Two paper companies told the British Paper and Board Industry Federation they may face serious production difficulties by Friday, a further two may be similarly affected, leaving six mills facing complete shutdown. At Heathrow Airport, flights affecting thousands of passengers were cancelled.

British Steel faces £30m. bill from dearer coal

BY KEVIN DONE

BRITISH STEEL Corporation, already facing losses of up to £500m. in the current year, said yesterday that the latest increase in coal prices could cost it £30m. in the next 12 months.

Because of the depressed state of steel markets none of the 10 per cent. increase in coal prices could be passed on to consumers.

Now BSC is to seek talks with the National Coal Board to examine ways of alleviating the price increase. It said that against a background of already serious losses, the latest coal price increase was "a very worrying development."

The Coal Board said that the price of coal for industry would rise by about 10 per cent. from the beginning of March.

The price of household and domestic smokeless fuels will not be raised until November 1 to give consumers an incentive to build up stocks in summer.

Domestic coal is also expected to rise then by an average of 10 per cent.

The controversial issue of fuel pricing was a major topic at yesterday's second meeting of the Energy Commission.

In papers to the meeting the heads of the supply industries have taken widely differing stances on parity of pricing for the different fuels.

The British Gas Corporation has come under fire from Sir Dr. Guido Brunner, EEC Energy Commissioner, has been invited to London for talks on Commission proposals for limiting oil refinery capacity. Page 13

Francis Tombs, chairman of the Electricity Council, and Sir Derek Ezra, chairman of the National Coal Board, for holding gas prices below electricity and coal prices, and thus cutting into the profits of the coal industry.

Mr. Anthony Wedgwood Benn, the Energy Secretary, admitted after the meeting that there was "tension" over prices.

There was no discussion on short-term pricing, he said. The Commission aimed to reach a consensus on energy pricing, but no progress had been made.

For the long term several apparently conflicting factors

Germans to resist reflation pressure

BY JONATHAN CARR

BONN, Feb. 13. TOP-LEVEL West German-U.S. economic talks were being held here to-night amid clear signs that Bonn planned to resist pressure from President Jimmy Carter's Administration for early reflationary action.

Mr. Michael Blumenthal, the U.S. Treasury Secretary, was expected to repeat Washington's call for a further German economic boost in the talks with Chancellor Helmut Schmidt. Among other things, the U.S. feels that such action by Bonn would improve the economic prospects in France and Italy, helping to banish the spectre of "Eurocommunism."

This was the message that Count Otto Lambdorff, the Economics Minister, received in talks in the U.S. from which he has just returned.

German officials privately describe this view of European politics as naive, adding that neither the French nor the Italians are among those pressing for more German reflation.

Before to-night's talks began the Government spokesmen publicly stressed that tax cuts and public expenditure measures already agreed for this year amounted to an economic boost totalling about 2 per cent. of West German gross national product. Bonn had done all it could, he said, and no more was to be expected.

Herr Hans Apel, the Finance Minister, also taking part in to-night's talks, is understood to have made the same point at Versailles this week-end to his colleagues from leading industrial nations.

Played down

Mr. Blumenthal was at the same meeting and came on to Bonn to-day, many hours late because of snowstorms.

Both West German and American officials here are inclined to play down suggestions that the differences over growth could bring a postponement of the Western industrial summit planned for July in Bonn.

One official who has seen the correspondence preceding Mr. Blumenthal's visit, proposed by Mr. Carter in a letter to Herr Schmidt more than a week ago, describes it as unpolitic and devoid of ultimatum.

On the other hand, it is recognised that both sides have got themselves publicly into a position from which it will be hard to climb down.

One way out might be a pledge by Bonn to look at the situation again later this year if the measures already taken fail to bring the desired growth.

But there is no evidence so far that such a pledge is in the offing, or that the U.S. would be satisfied if it were made.

Editorial comment, Page 18

Poll boost for Tories

Heath stresses need to keep race pledges

BY RUPERT CORNWELL, LOBBY STAFF

MR. EDWARD HEATH yesterday stepped into the continuing row over Conservative immigration policy with a warning that a future Tory Government could not go back on existing commitments especially over the entry of dependants.

The former Prime Minister was speaking in London only 24 hours after Mrs. Margaret Thatcher's major speech to Young Conservatives in Harrogate, where she attempted to clear up some of the uncertainties raised by her television interview a fortnight ago.

Her controversial approach already appears to be having an impact on voters. An opinion poll suggests that since her Granada TV interview the Tories have regained a handsome lead over Labour.



Mr. Heath: the powers are there.

have recaptured in the polls, but, in private, many fear that the issue could be a useful vote-winner for Mrs. Thatcher.

The survey, carried out by National Opinion Polls, for the Daily Mail, suggests that the narrow Labour lead less than a month ago has been transcribed into a Tory advantage of 11 per cent—seven though only half the electorate feel that immigration is an important subject, rating well behind inflation—where Labour policies won a 37.30 edge—and industrial relations.

Breaking

Mr. Heath insisted that the Immigration Act, 1971, passed by his administration, had given governments the required power to deal with the problem—but had also made undertakings which could not be broken.

Implicit in this remark was the belief that the emerging Conservative plan of cutting back substantially the number of immigrants would not be possible without breaking some of these promises.

Trend

Another factor comforting Ministers is the volatility that the most recent polls impute to voters. An 11 per cent. lead would, theoretically, sweep Mrs. Thatcher into Downing Street with a Commons majority of 100 or more.

Although such a trend would not be reflected in a real election, the poll provides encouraging evidence for the Tories that the steady improvement in Labour's popularity may have been reversed.

NOP gives the Tories 50 per cent. of voters support. Labour's share drops to 39 per cent. from 46 per cent. in January, while the Liberals score a disappointing 7 per cent.

Society Today, Page 19

French threat to Europe poll

BY DAVID BUCHAN

BRUSSELS, Feb. 13. FRANCE AND Luxembourg have made a secret pact to block the European direct elections unless the Parliament agrees its plans to expand its facilities in Brussels.

The agreement was reached at a meeting in Paris between President Giscard d'Estaing of France and M. Gaston Thorn, the Luxembourg Premier, on February 2.

Luxembourg officials disclosed.

The move comes at a time when Britain alone is being blamed for delaying direct elections in all nine EEC states until 1979 at the earliest.

France and Luxembourg fear that the Parliament is set on taking root in the Belgian capital, where a growing number of European MPs feels it should be.

Some Euro-MPs have described the French-Luxembourg threat as blackmail, but recognise the dilemma it poses for the Parliament, which wants direct elections as soon as possible.

At issue is the Parliament's intention to rent 300 to 350 offices and at least seven big committee halls. This is double its existing Brussels facilities, already cramped and quite unable to cope with a Parliament that will be expanded from 198 to 410 directly elected MPs.

French diplomats in Brussels could not to-day confirm the existence of the Giscard-Thorn pact, but Luxembourg officials insist it was the French President's idea, and M. Thorn, who sees vital Luxembourg interests at stake, happily agreed.

The most likely means of blocking the Euro-elections would be a refusal by both heads of Government at the Copenhagen summit in April to set a new date for direct elections.

The French and Luxembourg have accused the Parliament of aiming to move "vital" services, like archives, to Brussels, and trying to achieve by stealth what it cannot by treaty.

Both Governments have warned the Parliament that this would breach "the letter and spirit" of treaty clauses, which give Strasbourg the right to have the full Parliamentary sessions, and Luxembourg the Parliamentary Secretary.

At present one week's Parliamentary session each month is held in each centre for six months of the year.

Luxembourg officials, who were to-day claiming that the Bonn Government supported their cause, say that a vital national interest is at stake. "We don't have many of them, but this is one," one top official said.

Highly-paid European civil servants are expected to move into the Duchy's tiny economy. M. Thorn has his own national elections next year, while President Giscard faces the French electorate next month.

A nomadic existence, Page 2

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EUROPEAN NEWS

Spain's EEC negotiator pointed

By Philip Mawston

MADRID, Feb. 13.

CREATION of a new ministerial post for Spain's chief negotiator with the European Community is the first practical step towards the country's accession to the EEC, according to the Spanish Government.

On Friday, the Government announced that the post of Minister for the Community would be given to the

Minister of the Interior, Sr. Leopoldo Calvo Sotelo, who has been given the

strong commitment of the Community by the

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Threat of harder line by U.K. Tories on Common Market

By Philip Mawston

STASBOURG, Feb. 13.

SENATOR, British Conservatives are threatening a harder line on the Common Market, according to the European Commission.

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Resources redefinition means 'more' uranium

By David Fishlock, Science Editor

WORLD RESERVES of the most accessible uranium ores, have increased by almost 50 per cent over 1975 figures, according to the latest official statistics.

This is largely because inflation has prompted a re-definition of what is accepted as "reasonably assured resources" of uranium.

The most accessible uranium has now been redefined as those reasonably assured resources which are exploitable at a cost below \$30 per lb. of uranium oxide, compared with \$15 per lb. previously.

As a result, estimated world reserves have increased by 42,000 tonnes, to 1.56m. tonnes of uranium.

These reserves correspond theoretically to 21 years of forward requirements by the electricity supply industry.

According to the latest joint report by the OECD's Nuclear Energy Agency and the International Atomic Energy Agency, the world's uranium resources are estimated to be 1.56m. tonnes by 1985, and 102,000-156,000 tonnes by 1990—considerably lower figures than its previous estimates because of the lower

and political reasons," the study acknowledges, some of these reserves are unlikely to be exploited, so additional ones may be needed to fulfil the demand by the end of the century.

Another 4.2m. tonnes of uranium are believed to be available in reasonably accessible form, but this represents only a small improvement on the last estimates, published in 1975.

World production last year was about 10 per cent less than uranium production capacity of almost 33,000 tonnes, but demand was only 23,000 tonnes.

Presently estimated uranium resources indicate the ability to produce and export three-fold by 1985, to upwards of 90,000 tonnes, given a sufficient economic incentive and stability to provide the basis for orderly growth.

The study estimates demand increasing to 71,000-88,000 tonnes by 1985, and 102,000-156,000 tonnes by 1990—considerably lower figures than its previous estimates because of the lower

growth rate of installed nuclear capacity.

Most of the 20 uranium producing countries covered by the study have experienced big increases in producing costs since 1973.

In North America between 1973 and 1976 labour costs increased by more than 50 per cent, fuel and electricity costs almost tripled, and costs of the main processing chemicals more than doubled.

Exploration costs in the U.S. have tripled in a decade, from \$2 per pound in 1974 to \$6 per pound in 1977. Uranium mill construction costs tripled between 1973 and 1977.

As a consequence, world uranium prices for near-term deliveries have risen from about \$15 per pound of uranium oxide in 1974 to about \$40 per pound last year.

The annual resources, production and demand: 1977. Joint report by the OECD and the International Atomic Energy Agency. The Andre-Pascal, 7373 Paris CEDEX 16, France.

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The annual resources, production and demand: 1977. Joint report by the OECD and the International Atomic Energy Agency. The Andre-Pascal, 7373 Paris CEDEX 16, France.

Belgrade talks may enter decision stage in next few days

By Reginald Dale

BELGRADE, Feb. 13.

LONG-RUNNING diplomatic efforts to reduce tension between East and West should once again enter a decisive phase over the next few days here.

The two sides, however, are still far apart on the ground rules they are trying to establish for the conduct of their relations in the years ahead.

The immediate problem facing the U.S. and the USSR is how to bring the 35-nation Belgrade Conference on security and co-operation in Europe to a close without conceding the other a major political and propaganda victory.

The conference, called to review the 1975 East-West Helsinki Agreement, is officially due to end in mid-February, but shows no sign of reaching the consensus required.

With the talks still in almost total impasse after four months, the Soviet Union and its allies are stepping up the pressure to end the conference without making further concessions on issues such as human contacts and human rights.

The West and the neutral countries, however, do not want to leave Belgrade without a concluding document of some substance to present to their parliaments and public opinion.

While the West and the neutrals are prepared to sit it out at least until the end of the month in a bid to wring concessions from the East, the Polish delegation to-day repeated its insistence that the drafting of a concluding document be completed by the end of this week.

Commission set in Holland

Charles Batchelor

AMSTERDAM, Feb. 13.

DUTCH lower House of Representatives has appointed a member independent commission to investigate claims that the government took advantage of its knowledge of a change in laws. It is expected to report in about two months to carry out its work.

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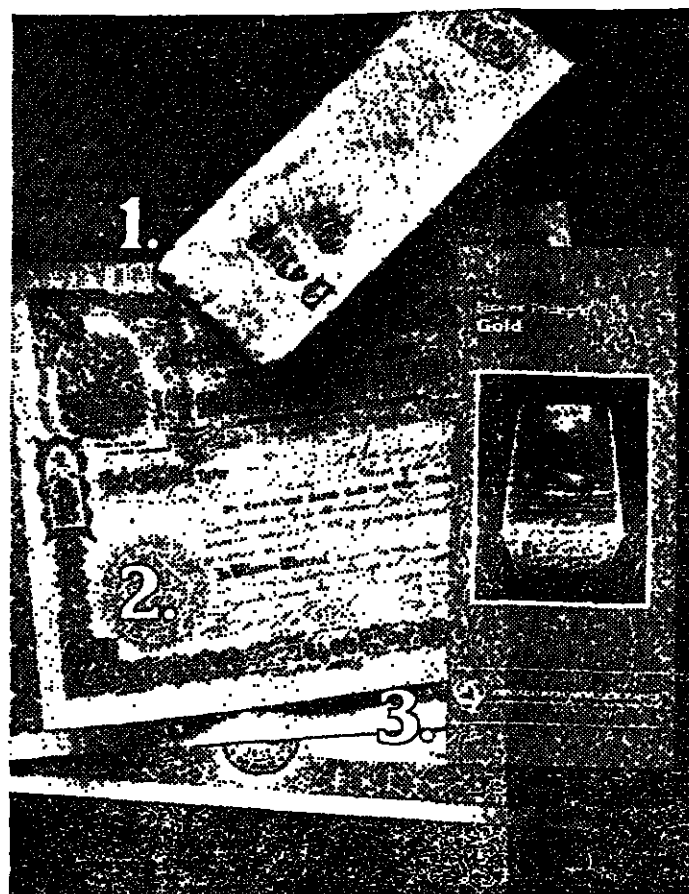
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NEW ISSUE

February 10, 1978

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Coal strike goes back into deadlock

By Stewart Fleming

AFTER four months of negotiations and two months of a strike, negotiations in the U.S. coal industry over a new three-year contract for miners are deadlocked.

The Bituminous Coal Operators' Association (BCOA), which is the negotiating body for the employers, has described its leaders as "appalled" by the decisions yesterday of the 39-man union bargaining council to reject a proposed settlement of the strike, which would have given miners increases in benefits, including wages of 37 per cent.

The official BCOA statement made no mention of willingness to re-open the talks with the union. The coal companies have been shocked by the overwhelming opposition to the proposed settlement, which the bargaining council rejected by 30 votes to six.

It could be at least a week, according to some observers, before there is any formal re-opening of talks.

The coal companies will have to decide whether to change their approach to the securing of a new contract, or whether the proposals they have made could, with a few modifications, win miners support.

States like Ohio, Indiana and Pennsylvania, which are heavily dependent for electricity generation on coal, are running short of supplies. There are predictions that the strike will begin to have a serious, albeit localised, economic impact.

Some manufacturing companies are already preparing to lay off workers and cut production. As the week progresses, announcements of restricted energy supplies are likely to become more frequent.

Many mine workers feel that the running down of stock-piles in some areas is putting into their hands more leverage as regards the outcome of the dispute. For the past two months, the miners and their families have borne the brunt of the hardships associated with the strike. They have been without pay and medical benefits for the full period.

The Carter Administration is continuing its studies of ways to ameliorate energy shortages stemming from the strike. But it is questioned whether much more can be done by way of shifting coal stocks to other areas, or by increasing the supplies of western strip-mined coal. Any attempt to adopt such a programme would probably provoke serious outbreaks of violence by picketing miners. Already two miners have been shot to death in battles between union and non-union miners.

Abzug poll test in NY to-day

By John Wyles

NEW YORK, Feb. 13. VOTERS in one of the wealthiest Congressional districts in the U.S. will decide to-morrow the political future of Mrs. Bella Abzug, champion of women's rights, larger federal aid for the needy, and twice a loser in recent contests for elective office.

Thanks to a court ruling last month which awarded her disputed votes from a Democratic Party selection committee meeting, Mrs. Abzug is the Democratic nominee for the 18th New York Congressional district seat in the House of Representatives which was vacated by Mr. Edward Koch on his election in November to the New York mayoralty.

Registered Democrats outnumber Republicans in this "silk stocking" district on the east side of Manhattan by three to one. Confidence in an eventual victory for Mrs. Abzug should therefore be far higher than it is. Her failure to win the party nomination in 1976 for the Senate seat eventually held by Mr. Patrick Moynihan, followed by a defeat last year in the Democratic primary for the New York mayoralty, has damaged her credibility as a vote-getter.

Moreover, she has had to contend with an active campaign by the Republican candidate in the district, Mr. Bill Green, who has shrewdly spent \$100,000 stressing his record as a former New York state assemblyman. The Egyptian president has played to the gallery to great effect and the same polls now show that a narrow majority of Americans believe that Israel may actually win the greater obstacle to peace than Egypt.

This in turn has made it easier for the Administration to propose limited arms sales to Egypt. Mr. Sadat lobbied as hard on Capitol Hill as his Israeli rivals and even staunch defender of Israel emerged from their talks with him saying that, perhaps, limited arms sales to Cairo would not be a bad thing.

The difficulties in persuading Congress to approve such a sale, however, are still fairly formidable. A number of important senators are still opposed to this kind of assistance to Egypt. But even if Congress did block a sale it would do it with rather less conviction than in earlier years.

Quite apart from what is seen here even by many Jews, as Israeli stubbornness about the Sinai settlements (the West Bank is a different story) the pro-Arab case has also been strengthened by two other factors.

The Carter Administration was very angry last week when Israel publicly admitted that it is supplying arms to Ethiopia. It was not much less displeased at the news last week that, at the same time, Israel is actively seeking closer trade and other ties with South Africa. Both actions run directly counter to present American policy making it, as

Congress plans Witteveen contribution vote soon

BY JUREK MARTIN, U.S. EDITOR

THE HOUSE OF Representatives has tentatively scheduled a vote for February 21 on the U.S. contribution to the supplementary Witteveen credit facility at the International Monetary Fund, but with the chances of passage considered doubtful.

Twice in the last 10 days, the Speaker of the House, Mr. Tip O'Neill, has postponed votes on the House floor because he determined that a majority could not be formed.

Congressional sources generally agree that the prospects for passage would be brighter if the Administration unbends its current rigid stance against amendments to the legislation.

The most popular of these cover human rights (requiring the U.S. executive director of the IMF to vote against those loans to countries which might abridge the rights of man), and future safeguards (under which creditor nations would promise to renegotiate their private as well as their public debt).

So far, the U.S. Treasury has vigorously opposed such modifications and was clearly encouraged when the relevant House and Senate Committees reported out the legislation unamended.

But it seems that the Treasury has underestimated the groundswell of support on Capitol Hill, particularly on the human rights issue, and has consequently not lobbied hard enough for its cause.

It is by no means uncommon for American funding for the International Institutions to run into trouble in Congress. Traditionally, this opposition has been concentrated in conservative circles, which view anything which resembles foreign aid over which the U.S. cannot exercise direct control with grave suspicion.

But on this occasion, both right and left appear to be combining to present an even more formidable obstacle. The liberal view as embodied in the amendment proposed by Congressman Thomas Harkin, the Iowa Democrat, is that the terms imposed by the IMF in making loans under the Witteveen facility could be so severe as to infringe human rights in the recipient country.

Mr. Anthony Solomon, the Treasury Undersecretary for Monetary Affairs, has said publicly that one of the main reasons why the Witteveen facility is in trouble is that Congress does not understand its purpose.

Supporters of the Harkin

amendment claim that the reverse is true, and that it is necessary to remind the IMF that it may be undesirable to impose on foreign countries too rigid economic policy disciplines.

It is also being pointed out that the current version of the Harkin amendment is relatively mild by past standards, which generally would have required the U.S. to oppose loans to countries whose governments violated human rights.

That was the sentiment, for example, which prompted last year's Congressional squabble over U.S. contributions to the World Bank.

On the Senate side, the prospects for passage appear brighter, though again there is the possibility that Senator weaknesses.

James Abourezk, the liberal Democrat from South Dakota, may insert human rights language into the Bill when it is considered by the full chamber. Senate action will have to wait until the Panama Canal issue has been settled.

A defeat for the Administration would be a pretty embarrassing thing, if for no other reason than the fact that the U.S. played a significant role in persuading most of the producing countries to contribute about half of the facility's funds.

Saudi Arabia, in particular, the prime donor, has let it be known privately that it will not contribute if the U.S. fails to secure Congressional approval of its share.

That would be a pretty embarrassing thing, though again there is the possibility that Senator weaknesses.

WASHINGTON, Feb. 13.

U.K. business confidence in the United Kingdom is higher than in 10 other industrialised countries, according to a survey conducted by the economic department of McGraw-Hill Publications.

Expectations of economic recovery after a lengthy recession seem to be a factor behind U.K. attitudes, just as fears of a recession after an unusually long recovery may be a partial explanation.

Confidence in the 11 countries was indexed on a scale of 100 based on answers given by executives of leading corporations to 11 questions. These sought to elicit their views on their companies' sales prospects, the rate of new orders, the rate of new orders with labour and the national Government.

The country's economic outlook and its probable course of inflation, and the direction of short and long-term interest rates. The average rating was found to be 83.2. The U.S. scored 60.1, at the top of the league and Belgium 41.9 at the bottom.

U.S. pessimism was found to centre on the direction of inflation over the next six months, the likely course of interest rates and current company-government relations. Low scoring on all of these questions reduced the U.S. rating to 43.1.

U.K. businessmen, on the other hand, proved to be the most optimistic, with a rating of 83.2.

There were no incidents in the morning. According to Mr. Chavez there were 18000 abstentions. Voting is complete in Paraguay for all cities between 18 and 60 years old.

The results permit the Colorado Party to retain its two-thirds majority in the two houses of parliament.

BUENOS AIRES, Feb. 13.

GENERAL Alfredo Stroessner (68), in power for 24 years, was elected for a 5-year term yesterday. Last year, the constitution was revised to allow the president unlimited re-elections.

According to Sr. Juan B. Chavez, the chief of the ruling Colorado Party, whose origin is in the conservatism of the 18th century land-owning class, the president was elected in a landslide.

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WASHINGTON, Feb. 13.

THE U.S. AND ISRAEL Relations reach a new low

BY DAVID BELL IN WASHINGTON, FEB. 13

RELATIONS between Israel and the U.S. are now almost certainly worse than at any time since the Begin Government took office in Jerusalem nine months ago.

This is not to say that they have yet reached the "crisis point" that many observers have been predicting for many months. But a number of factors have combined in the past two weeks to throw the Israeli lobby in the U.S. on to the defensive and this appears to have encouraged the Administration to step up its pressure on Mr. Begin.

Israel has reacted immediately to this change. This morning, in a newspaper interview, Mr. Moshe Dayan, the Foreign Minister, said that as a result of the U.S. position on settlements in the Sinai and the West Bank, Israel would now have "a substantial reservation about the present Administration's role as an impartial objective mediator between us and the Arab countries."

But the settlements, important though they are, are really the symptom of a more profound change in the U.S. and it is this which has worried Israel and her powerful friends here. This change is only in its infancy and support for Israel remains very strong, but it has already become very much less uncritical.

The most obvious cause of this has been the impact that President Sadat has made on public opinion here. For the first time, an Arab statesman is, according to the polls, regarded with the same respect as his Israeli counterparts. The Egyptian president has played to the gallery to great effect and the same polls now show that a narrow majority of Americans believe that Israel may actually win the greater obstacle to peace than Egypt.

This in turn has made it easier for the Administration to propose limited arms sales to Egypt. Mr. Sadat lobbied as hard on Capitol Hill as his Israeli rivals and even staunch defender of Israel emerged from their talks with him saying that, perhaps, limited arms sales to Cairo would not be a bad thing.

The difficulties in persuading Congress to approve such a sale, however, are still fairly formidable. A number of important senators are still opposed to this kind of assistance to Egypt. But even if Congress did block a sale it would do it with rather less conviction than in earlier years.

Quite apart from what is seen here even by many Jews, as Israeli stubbornness about the Sinai settlements (the West Bank is a different story) the pro-Arab case has also been strengthened by two other factors.

The Carter Administration was very angry last week when Israel publicly admitted that it is supplying arms to Ethiopia. It was not much less displeased at the news last week that, at the same time, Israel is actively seeking closer trade and other ties with South Africa. Both actions run directly counter to present American policy making it, as

one official put it, "a strange way for an ally to behave."

But the settlements have been the real bone of contention for some time. They insist that Mr. Carter ever said that a Begin pre-Christmas peace plan which included some permanent Israeli settlements in the occupied territories was a "big step for negotiation."

In any event, this time the Administration has been launched on a "preemptive strike" to convince Israel's American friends that the Carter Administration has been honest over its settlements. Last October, the sudden announcement of the Soviet declaration of support for the United Nations peace plan, which included some permanent Israeli settlements in the occupied territories, was a "big step for negotiation."

Speaking at a Press conference before his departure for Rome, Mr. Sadat said that, while he had been very disappointed before his visit to the U.S., he had been "encouraged" by his talks with President Jimmy Carter.

President Jimmy Carter's European leaders during his current world tour. As a result, he had decided to persevere with his peace efforts.

Mr. Sadat, who recalled that the two main points of disagreement between Egypt and Israel were the problems of self-determination for the Palestinians and Jewish settlements in occupied Arab territories, said that he was not planning another trip to Jerusalem for the moment.

Before any new initiatives could be taken, he said, progress must be made to narrow the present gap between the Egyptian and Israeli positions. The first step should be an agreement on a declaration of principles couched in precise terms. After that, it should be possible to reach a settlement in a matter of days.

Mr. Sadat added that, as far as the immediate future was concerned, the next move would be made by the U.S., which was sending Assistant Secretary of State Alfred Atherton to the Middle East for talks, with government leaders involved in the peace negotiations.

The Egyptian President denied that he had asked France, which has already supplied his country with Mirage military aircraft, for more arms. "I thought French officials had previously indicated that the discussions for the sale of more Mirages and other sophisticated military equipment were continuing between the two countries."

Regarding the situation in Chad, where the government is faced with a new offensive by the Libyan-backed guerrillas in the north, Mr. Sadat said that he had received a message from President Mitterrand asking Egypt for military aid. He had sent a reply saying that Egypt, which had supplied Chad with arms in the past, would continue to do so in the future.

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the past ten days. The Administration has been greatly irritated by Mr. Begin's insistence that Mr. Carter "winked" at the and other U.S. company. Page 22

OVERSEAS NEWS

Progress made
on Namibia,
West insists

UNITED NATIONS, Feb. 13.

FIVE Western Security Council members, brushing aside the withdrawal of Mr. Botha, the South African Minister, to-day insisted that progress had been made in the negotiations on Namibia (South West Africa).

Botha cut short week-end sessions with the foreign ministers of the United States, Canada, France and Germany and was to-day expected to report to his cabinet.

Ambassador, Mr. Donald McHenry, the American representative in these lower-level discussions, said the content of his instructions in the week-end ministerial talks.

Earlier, Mr. McHenry identified the problems in the week-end talks.

He said South Africa and Swapo disagreed over the strength, location and deployment of the South African forces in Namibia and over the proposed U.N. military presence there.

The South Africans did not move from their position that they must remain in the area until the South African troops in the South African forces in Namibia and over the proposed U.N. military presence there.

Cyrus Vance, the U.S. Secretary of State, said: "I would on the whole, I think we made some progress." Dr. Owen of Britain, Mr. L. J. of Canada, Hans-Dietrich Genscher of Germany and M. Louis de Gaulle of France each said his view.

Vance said the talks began last Thursday at a level of officials, had been useful. But he said there were some difficult issues still unresolved.

Owen said the differences between South Africa and Swapo were not so great that it was impossible to close the gap.

Vance said both parties made concessions and demonstrated a willingness to negotiate in the fashion necessary to reach a settlement.

There is going to be a settlement.

retoria may proceed
on 'internal' option

BY QUENTIN PEEL IN WINDHOEK

TH AFRICA might be in a position to proceed rapidly with a programme for an "internal settlement" in Namibia (South West Africa) in the wake of the week-end talks in New York for an international settlement. The plan would exclude the South West African People's Organisation (SWAPO) most widely recognised nationalist movement, but would open elections on a one-vote basis involving the other parties inside the country.

The first move might be the announcement of an election date in the middle of the year—July—and it could well be followed by the banning of the main wing of SWAPO, according to observers here. Such a move has been demanded by the leaders of rival political organisations, because of the nation's simultaneous movement in peaceful campaign and guerrilla warfare on the northern border.

An internal option has been an obvious alternative for the African Government throughout the Western initiative for an internationally-stable settlement first reached last April. Its possibilities were re-emphasised by M. T. Steyn, the South African-appointed Administrator in the territory, in an interview here which coincided with the New York talks.

But it has also been vehemently opposed by the country's most influential church leaders, who claim that it would only prolong the guerrilla war on the country's northern border, and would lack the support of the majority of the population.

Judge Steyn said that in spite of the security problem in the country, with two rival parties having ended in teargas being fired by the police, and a rival politician being assassinated at a rally of the Democratic Turnhalle Alliance.

Two black guerrillas and a white South African army officer were killed in a clash in northern Namibia on Saturday, according to Defence Headquarters in Pretoria, Reuter reports. The clash came one day after South African forces crossed into Angola in a "hot permit" operation in which they claimed to have killed 18 Swapo guerrillas.

Turnhalle Alliance—he believed he would be able to hold elections by July.

However, such an internal settlement, which would be expected here to return majority support for the pro-South African Democratic Turnhalle Alliance, although on a decidedly low poll, would not satisfy the majority of the people of the country, Dr. Lukas de Vries, President of the United Evangelical Lutheran Church, warned to-day.

Calm returns to Beirut

BEIRUT, Feb. 13.

THE FIRST time in almost a week, a measure of normal business activity returned to this capital to-day as an uneasy calm prevailed.

Shops in the business centre opened, but operations were minimal. A few shops opened in the east Beirut, the Christian-dominated part of the city, which witnessed fierce clashes last week between Syrian and Christian militiamen.

In the South Lebanon, the ongoing war between Rightist forces and Palestinian

Begin smoothes edges
of US.-Israel clash

BY DAVID LENNON

TEL AVIV, Feb. 13.

TEL AVIV, Feb. 13. AEL TO-DAY indicated that the U.S. to continue its mediating role in the Middle East, despite the feeling that Mr. Vance's Secretary of State, Mr. Vance, has compromised the U.S. as honest broker.

Mr. Prime Minister, Mr. Menachem Begin, to-day called a conference to smooth the edges of the week-end talks between Washington and Jerusalem over Mr. Vance's mediation in occupied territory.

Mr. Begin said to-day: "There was a feeling in Jerusalem that the erosion of American support for Israel had accelerated following the visit of the U.S. President Sadat. Sunday's sharp Cabinet declaration was designed to express Israel's discontent with the latest developments."

But to-day Mr. Begin went out of his way to try to defuse the clash and halt the deterioration in relations. He stressed that Israel had deep relations with the U.S. and did not expect them to be harmed by the latest dispute.

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CUBA AND THE HORN OF AFRICA

'No invasion of Somalia'

BY HUGH O'SHAUGHNESSY IN HAVANA

CUBAN OFFICIALS are hinting in private conversations here that if the Ethiopian forces were victorious in the war in the Horn of Africa, the Cubans would not like them to cross the border into Somali territory.

The Cuban media report that the Ethiopian Bureau for the Organisation of the Masses is starting preparatory work on the founding of a party based on Marxism-Leninism. Cuban official news agency Prensa Latina reports from Addis Ababa that "aggressive political organisations" are agreed on the creation of such a party which would be "the vanguard of the revolution."

At the same time, imperialism. As far as the war in the Ogaden is concerned no reference is being made in the Cuban media to direct Cuban military involvement though President Fidel Castro has said that Cubans are acting as military advisers to the Mengistu government in a diplomatic capacity. No reference has been made either to any Israeli help to the Mengistu government.

Everything points to the fact that Cuba did not want fighting to flare up in the Horn of Africa if it could have been avoided. During his visit to Addis Ababa last March, Castro floated the idea of a confederation of Left-wing states in the region.

Somali volunteers begin training

MOGADISHU, Feb. 13.

THOUSANDS OF Somali volunteers began intensive military training to-day after a call to arms by President Mohamed Siad Barre in which he said Somalia stood alone against Ethiopian forces backed by Russians and Cubans in the Ogaden war.

In a speech to a crowd of 100,000 here yesterday, the president said every Somali who could carry a rifle should prepare to defend his nation.

Brigadier General Aden Abdulahi Nur to-day told reporters that 30,000 volunteers, the youngest aged 15, had already come forward in the Mogadishu area alone.

Somalia said on Saturday that regular forces would be sent to the seven-month-old war in the disputed Ogaden desert region of Ethiopia. It declared a state of emergency and ordered all servicemen and report for mobilisation.

Diplomats stepped up efforts to-day to bring an end to the Horn of Africa fighting as Ethiopia pursued its drive against hard-pressed Somali forces.

Front-line commanders with Ethiopian troops at the town of Harar outlined a four-leaf clover pattern of advance with simultaneous thrusts both north and south of the city and from the rear base town of Dire Dawa to the north.

An eastern front commander said his troops had advanced some 25 miles to within 20 miles of Somali-occupied Jijiga.

Somali leaders are reported to be contacting all member nations of the U.N. Security Council to try to have tabled a resolution calling for an end to the fighting and to outside interference.

India to
raise public
spending

By K. K. Sharma

NEW DELHI, Feb. 13.

THE Indian Government is to announce a 17 per cent rise in public investments in the next financial year beginning April 1, in a bid for a higher growth rate, but little emphasis is being given to the ruling Janata Party's programme for rural development.

The rise in public investments has been agreed between the Planning Commission and the Finance Ministry and will be announced when the annual budget is presented to Parliament on February 28. The outlay on the annual plan for 1978-79 is being increased to Rs.180bn. (about \$10bn.).

Much of the investment is being limited to existing schemes and the outlay on the Janata Party's rural development programme is unlikely to be given more than Rs.1bn. of which only Rs.3bn. is earmarked for agriculture and Rs.500m. for rural industries.

This means the country will have to wait at least another year before the Government gears itself to making substantial investments in agricultural development and rural industries schemes which are meant to carry out the Janata Party's election promises.

The delay is partly because the Planning Commission found it impossible to abandon existing schemes in industrialisation, irrigation and mining but also because preliminary studies of new schemes are incomplete.

Common fund urged
at Sydney meeting

BY KENNETH RANDALL

SYDNEY, Feb. 13.

A SPECIAL meeting of finance ministers of the Commonwealth countries is being tentatively expected to pool their cash scheduled for the middle of next month to generate more pressure for faster progress in negotiations for the common fund common fund.

There was no hard and fast agreement to-day on structural arrangements despite continuing support for the working party's general views. The heads of

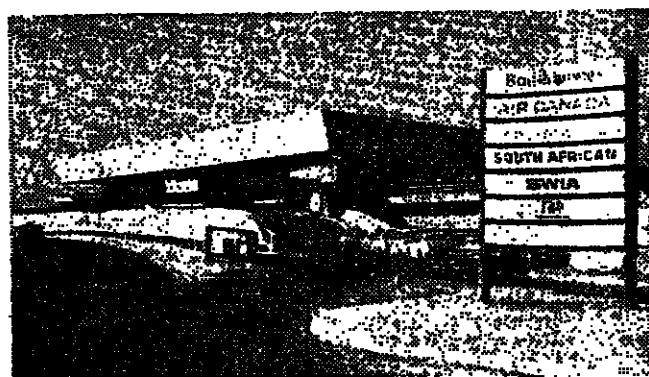
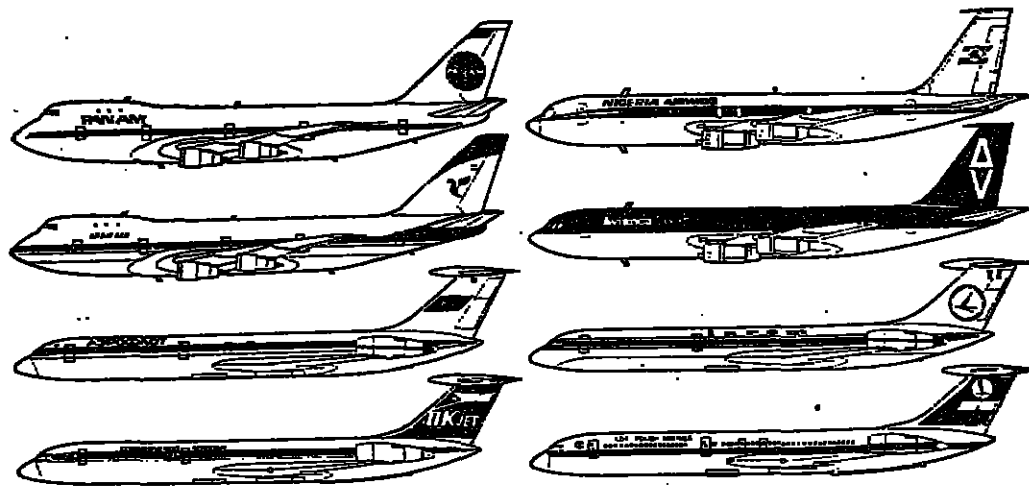
ARRANGEMENTS for the Commonwealth Heads of Government regional meeting are going ahead unchanged despite the bombing early to-day which killed two men and injured four others. Australian authorities consulted all Heads of Government this morning and found unanimous agreement that the programme should be carried through as planned. But security has been stepped up considerably.

government were more concerned with keeping negotiations moving.

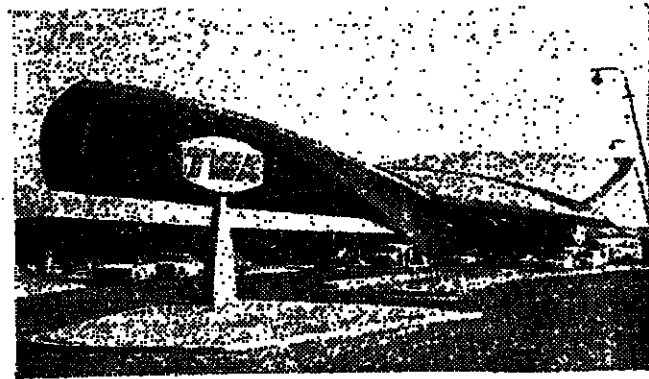
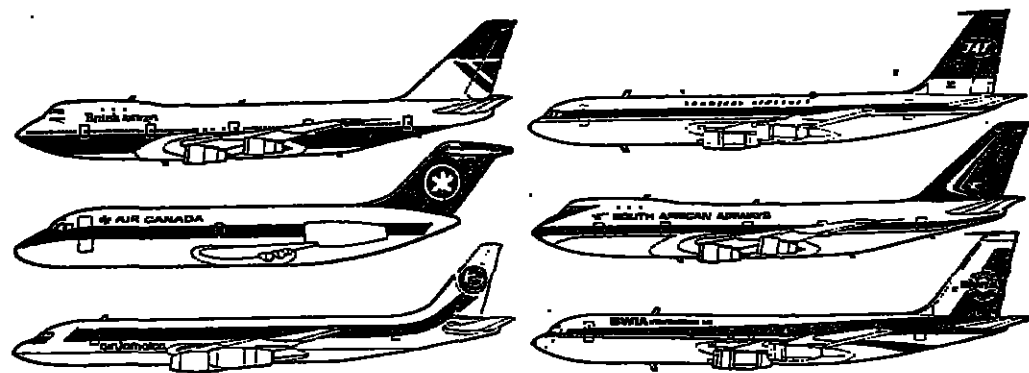
Mr. Malcolm Fraser, the Commonwealth Prime Minister, London came out strongly for the "source" model, based on a general fund derived from government subscriptions, loans and private borrowings. The commitment to find an "early and adequate" solution. He left little doubt about the main target of his criticism when, a few minutes later, he attacked EEC trading policies as a dual arrangements to remain destabilising factor in present responsible for providing their world conditions.

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WORLD TRADE NEWS

Germany achieves surplus with OPEC countries

BY JONATHAN CARR

WEST GERMANY last year achieved its first ever trade surplus with the oil producing countries—while increasing its deficit in trade with the non-oil producing world.

The Economics Ministry, which announced the figures, finds reason for self-congratulation on both scores. Not only has the Federal Republic bailed itself out of a deficit with OPEC, which rose sharply following the oil price increases of 1973-74, it has also markedly increased its imports—especially of manufactured and semi-manufactured goods—from developing states struggling to reduce their own

trade deficits and increase their industrial base.

Imports from the whole developing world (oil and non-oil states together) rose by DM2.6bn, or about six per cent, last year to DM48.8bn—rate of increase roughly equal to that for all German imports.

However, the value of German imports from the oil producing countries dropped by 4 per cent, to DM23.3bn. These imports had shot up from DM10.2bn in 1973 to DM23.9bn in 1974 and remained at a high level even during the economic recession. The fallback last year is clearly due in particular to the rise in the Deutsche Mark against the Dollar in which oil is priced—and

has brought Germany a trade surplus of DM1.6bn.

Against that, the value of imports from the non-oil developing states rose sharply—by DM3.6bn, or 17 per cent, to DM24.7bn. Thus the German trade deficit here, which already totalled DM0.2bn in 1976 rose to DM2.5bn in 1977.

Further, while total German imports of manufactured and semi-manufactured goods rose by 7 per cent, last year, these imports from developing countries increased by 10 per cent. The developing states have thus increased their share of Germany's imports of these goods from 6.5 per cent, in 1975 to about 8 per cent in 1977.

BONN, Feb. 13.

\$30m. line of credit for Poland

A \$30m. line of credit to finance the sale of barley from the U.K. to Poland has been signed in Warsaw by Morgan Grenfell and Bank Handlowy w Warszawie.

This loan is the first line of credit guaranteed by the Export Credits Guarantee Department to cover the export of grain from this country and will provide credit to Bank Handlowy for up to 85 per cent of the value of approved contracts entered into by U.K. suppliers with CHE Rolimpex, Warsaw, no later than August 31, and with delivery up to September 30.

Morgan Grenfell, who signed a \$3m. line of credit with Bank Handlowy last October to finance the export of U.K. capital goods to Poland, will manage the loan on behalf of a syndicate comprising itself, Bank of Scotland and Moscow Narodny Bank.

U.S. steel warning

Bethlehem Steel said in a statement on the U.S. Government's trigger price plan for steel imports that the trigger price levels for major products are "in most instances substantially below the domestic market level." It said "consequently we do not believe that the level of import prices resulting from the trigger price mechanism will be effective in reducing imports of foreign steel."

Buses for Hong Kong

Hestair Dennis has received confirmed orders for 70 double deck buses during January worth \$1.5m. Hong Kong has ordered 50 double deck bus chassis, following the Kowloon Motor Bus Company's trials of four prototype Jubilee front engine buses delivered last year. The other orders, of which 17 are repeat orders, come from the U.K.

Greek fleet

The Greek-owned merchant fleet totalled 4,519 ships aggregating 49,137,118 gross tons at the end of 1977. The Ministry of Merchant Marine reports. Of these, 3,888 ships totalling 33,475,432 gross tons were under the Greek flag and 831 vessels aggregating 15,661,686 gross tons were under various foreign flags.

Furniture exports

Exports of British furniture of all varieties during the year 1977 totalled £21m, which represents an increase of 48.9 per cent over the exports of furniture in the previous year. The 1977 figures are more than double the figures of two years ago, and more than treble the figures of three years ago.

India winning Chinese orders

BY K. K. SHARMA

NEW DELHI, Feb. 13.

SUBSTANTIAL orders from China for capital goods and sophisticated engineering products are now certain for Indian companies following talks here between a 16-member Chinese trade delegation, now on the first visit to India since the 1962 border war.

Such orders will lead to major collaboration by Indian companies in China's steel production programme. The delegation has indicated that it will order blast furnaces, rolling mills and possibly coke oven batteries for plants in China to be established under plans to expand steel production.

In addition, the Chinese are interested in importing Indian iron ore, and will take a decision on this after visiting mines later this week. This is expected to

supplement China's imports of iron ore from Australia and other sources which are now said to total 1.5m. tonnes a year.

The resumption of substantial trade with China is expected to stimulate normalisation of political relations which have been near freezing point since the 1962 war. Establishment of diplomatic relations at Ambassador level and trade on a modest scale began only in 1977. There are now signs that China is keen to resume talks at a high level, and will agree to visits by Indian journalists, cultural delegations and sports teams.

The Chinese trade delegation Association of Indian Engineers has announced that it is "deeply impressed" by India's advances in technology and industry, which it noted at the Indian engineering trade fair, now being held in New Delhi. The leader

of the delegation, Mr. Liu Ching, said that what they had observed in the past three days at the fair was "beyond all expectations."

As a result, the Chinese have indicated their interest in collaboration not merely in the steel industry, but also in buying dredgers, computers, electronic equipment, automatic control equipment and tools which, Mr. Liu Ching said, "India makes with a high degree of sophistication." The delegation has asked to be shown India's capabilities in the chemicals and pharmaceutical industries.

The delegation has invited the Association of Indian Engineers to send a team to China to study the progress in that country with a view to collaboration in other sectors. The invitation has been accepted.

U.K. fails to back pulp plea

THE BRITISH Paper and Board Industry Federation has decided that it will not support France's complaint to the European Community that pulp from North America is being dumped in the Common Market.

The French Government has agreed to pursue the dumping complaint made by French producers, who are upset at the fall in pulp prices caused by imports from the U.S. and Canada.

France's main concern is about imports of bleached sulphate pulp used for fine papers. Britain has no pulp industry to speak of, and the paper and board federation believes that if the French complaint is successful, the price for pulp in the Common Market will rise.

Italy's furniture exports up 60%

Italian furniture exports jumped 60.4 per cent to L.594.3bn. in the January-September period last year from the same period in 1976, the National Association of Furniture Makers, Defensorio, reported.

The nine months' total last year was higher than the full 1976 value of exports which amounted to L.559.3bn. AP

EEC begins talks with Japan

TOKYO, Feb. 13.

A SENIOR official of the European Economic Community today called on Japan to increase imports to reduce its huge trade surplus with the EEC, Foreign Ministry sources said.

The EEC official, Mr. Benedetto Meynell, said Japan should buy European A-300 Airbuses and a variety of other products to cut the imbalance in bilateral trade which last year was estimated at \$8bn. in Japan's favour, the sources reported.

Mr. Meynell, head of the Common Market's Directorate for North America, Australia, New Zealand and Japan, was speaking at the start of four days of talks here.

He asked Japan to lower tariffs on processed foods, to expand import quotas for dairy produce and to simplify import procedures.

The discussions got under way less than 24 hours after the British Secretary of State for

Trade, Mr. Edmund Dell said in London that Britain and other Western countries might be forced into protectionist action against Japanese exports unless there were major reductions in Japan's trade surpluses.

The EEC last week officially informed Japan of a comprehensive list of measures it wanted put into effect to reduce the trade gap.

Reuter

U.S. goods for Taiwan

A SPECIAL Taiwan trade mission has announced that it plans to buy U.S. goods valued at \$250m. to try to correct a trade imbalance.

The mission's director, Mr. H. K. Shan, said Taiwan already had purchased industrial goods from the U.S. valued at about \$68m. and agricultural products including corn, soybeans, barley and wheat, valued at about \$156m.

Before leaving the U.S. in March, the group hopes to purchase additional items, including tobacco, electrical equipment and whisky, in amounts expected to total \$33m. to \$75m.

Mr. Shan said many of the goods being bought in the U.S. were formerly imported from Japan, and he announced his government's lifting of a ban on imports of U.S.-made cars with the first order to consist of 4,000 cars.

The purchases are being made under price negotiation procedures—rather than the normal international bidding system, giving U.S. businessmen first crack

Soviet Romanian trade

BY PAUL LENDVAY

VIENNA, Feb. 13.

SOVIET ROMANIAN trade this year will rise by 17 per cent, to 2.1bn. roubles but will still lag far behind Soviet trade with other East bloc countries. Thus for example Soviet trade with Poland this year will total 6.7bn. roubles, with Hungary 6.4bn. roubles and Bulgaria 5.6bn. roubles.

Between 1970-76 the Soviet share in Romanian foreign trade dropped from 27 per cent, 17.8 per cent of the total. During

the 1976-80 planning period Soviet-Romanian trade is expected to rise by only 70 per cent. Under the trade protocol for 1978, recently signed in Moscow, Romania will export to the Soviet Union machine tools, equipment for oil, chemical, petrochemical and metallurgical industries, electrical goods, footwear, fruit and vegetables, exchange for machinery, mining equipment, cars, aircraft, iron ore, coke, coal, phosphates and chemical products.

EEC halts Dutch cartel

BRUSSELS, Feb. 13.

A CARTEL controlling the marketing of pharmaceuticals in Holland has been ended after objections by the EEC Commission.

The Commission said that almost all the Dutch manufacturers, importers and dealers belonged to the association, which accounted for between 80 and 90 per cent of all Dutch

sales of pharmaceutical products. It ruled that the Pharmaceutische Handelsconventie restricted competition in the market and also objected to the resale price maintenance imposed by the group on all products including imports. About 70 per cent of all medicinal products sold in Holland are imported, the Commission added.

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OPTION

an international seminar on the occasion of the opening of the European Options Exchange

March 14th, 1978 - Okura Hotel - Amsterdam

organized by "De Financieële Telegraaf" in co-operation with the "European Options Exchange", the Swiss company "Telekurs A.G." and "Boorman-Nederstigt B.V."

This seminar will be a meeting place for financial specialists from all over Europe, who want to get more acquainted with the possibilities and technical side of the option trade.

A number of internationally known speakers, who are fully familiar with the trade in options - on account of their profession - will convey their knowledge to the participants of the seminar.

The seminar will be presided over by Mr. J. G. Muntinga, vice-president of the European Options Exchange and general manager of Pierson, Helderling & Pierson N.V.

All proceedings of the seminar will be conducted in English.

Programme

March 13th, 1978
17.00-19.00 Welcome-party, sponsored by "De Financieële Telegraaf"

March 14th, 1978
9.30 Registration
10.00 Opening address and Chairman's Introduction by Mr. J. G. Muntinga, acting chairman of the European Options Exchange.
10.10 "Options Strategies for European Institutions" by Matthew L. Gladstein, vice-president of Donaldson, Lufkin & Jenrette Securities Corp., New York.
10.55 Coffee
11.15 "Importance of the European Options Exchange for the Stock Markets" by Mr. J. Ph. Korthals Altes, chairman of the "Amsterdam Stock Exchange".
11.45 "Working with options by big investors" by Mr. E. A. Brouwer, chairman of the board of the Rotterdam Investment Consortium "Robeco".
12.15 Cocktails and Luncheon
14.00 "Clearing and market making. Neutral spreading" by Dwight Koop, president of First Options of Amsterdam B.V.
14.45 "The European Options Exchange in practice" by Mr. L. W. G. Scholten, manager of the European Options Exchange.
15.10 Tea
15.30 Panel discussion with the opportunity of asking questions.
16.30 Resume and close Seminar.
17.00-19.00 Cocktail-party.

Seminar fee

The total fee for participation amounts to Dfl. 531.— p.p. (incl. 18% VAT). This includes all refreshments, lunch and cocktail-party as well as seminar documentation.
Not included are hotel expenses at the Okura Hotel.
Participants wishing to stay overnight can make reservations for single or double rooms at Dfl. 117.50 resp. Dfl. 130.— incl. breakfast.
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for March 14th: — single room — double room

Hotel expenses as mentioned are for my own account and will be paid by me directly to the Okura Hotel.
I will not come by car (in view of the parking space to be reserved).

Name: Mr./Mrs./Miss. —
Position in company —
Name of company —
Address —
Town — Country —
Signature —

Contracts

● Vulcan Engineering, a member of the "Koor" group of companies, has been awarded a contract for the construction of 100 freight cars for the Israeli railway, to be used for the transport of phosphates. Vulcan submitted a bid together with the French company Arbel, which will plan and produce the chassis and bogies and the system for opening the doors to permit very rapid discharge.

● Sener, Spanish naval architect, has signed a contract for its FORAN computer-aided ship design system to be used by the South Korean shipbuilding industry, the first contract for this system in the Far East market.

● Komatsu has received a ¥2.5bn. order from the state organisation for roads and bridges of Iraq for 140 bulldozers and other machinery. The order was made in co-operation with Sumitomo Shoji Kaisha. Delivery is scheduled to begin in March this year.

● Foster Cambridge, a member of the George Kent Group, will supply instrumentation for a plant which will produce lime for use in steel manufacture in the oil state of Qatar for the Salam Hotel at Belpopolis Cairo. Qatar Cement Company. The Landmark Hotel at Ras Al order was awarded by main plant contractors Newell Dunford Engineering and is for a range of electronic recorders and indicator/controllers.

● A new automatic telex exchange costing £900,000 is to be installed in Mauritius by Cable and Wireless, to expand and improve service on the present manual exchange which has 148 subscribers and deals with 70,000 minutes of traffic each month.

● Tomoscanner U.K., subsidiary of J and P Engineering, has won an order worth £250,000 for four of its isotope emission Tomoscanner machines, which it launched last year, from La Maison du Medecin, the French medical equipment distributors.

The first of the four machines will be installed later this month in the Centre Jean Perrin, Clermont-Ferrand.

● Three Italian groups have signed a contract to supply the Iraq Atomic Energy Commission with laboratories for the production of radio isotopes to be used for medical purposes and other research. In addition to Italy's nuclear energy committee the groups are Sinta Teclint and Ansaldo Meccanica Nucleare.

● British Fairwell has received orders worth £70,000 for their sliding door systems for the El Salam Hotel at Belpopolis Cairo. Qatar Cement Company. The Landmark Hotel at Ras Al order was awarded by main plant contractors Newell Dunford Engineering and is for a range of electronic recorders and indicator/controllers.

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February 1978

HOME NEWS

EEC looks at Bank defence on 'closed shop' accusations

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

DETAILED DEFENCE by the Bank of England against accusations that it is attempting to "close shop" to foreign banks, in a move to regulate the foreign exchange market, is being examined by officials at the European Commission.

The Bank's submission, more than 50 pages long, was sent to Brussels on January 20. It is a response to a request for further information by the Commission, investigating since the summer a complaint by Sarabex, a money broker with Middle East connections, that the right of establishment in the London market is effectively denied to new brokers.

Public policy

Most banks deal only through brokers who are members of the Foreign Exchange and Currency Association, which involves sponsorship of six banks and conformity with certain rules. Sarabex has complained that brokerage fees are "considerably higher" than elsewhere in the EEC.

The bank is understood to maintain that the arrangements, which it accepts ultimately, are necessary to maintain an efficient and stable market in which a large number of currencies may be freely traded.

It says that they are justified under "public policy" and are in conformity with Article 90 of the Rome Treaty, which deals with rules governing operation of services of general economic interest.

While the Bank is understood to rule out the possibility of changing the arrangement in the light of further negotiation with the Commission, it emphasises the need for extreme prudence, saying that any rash moves could shake market confidence.

In claiming justification under

Civil engineering seeks more help

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CIVIL engineering industry could lose up to 50,000 jobs if urgent Government action is not taken to stimulate output, Mr. Peter Shore, Secretary for the Environment, heard yesterday.

He met representatives of the construction industry and its associated professions and was told by Mr. George Henderson, of the Transport and General Workers Union, that unemployment in construction remained grave.

More than 250,000 construction workers were out of work and there were no signs of any improvement.

The civil engineering sector, which had been badly hit by the recession, faced a particularly bleak future.

The industry deputation had met Mr. Shore to impress upon him that, in spite of the injection of £400m. into the construction sector's workload due to take effect from this April, more work was urgently

needed now.

The delegation said that it wished to see Budget measures to stimulate private investment in construction and further increases in public expenditure to make up for the recent heavy cuts.

Mr. Shore asked for another meeting with the group, which will consider the future of the industry and its likely workload, rather than the more immediate problems discussed at yesterday's talks.

Mr. Nicholas Goodison
Profit sharing supported

Tractor group cuts 310 jobs after Turkish deal fails

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE COLLAPSE of a contract with Turkey because of that country's economic crisis has caused the loss of 310 jobs at the Bradford Harvester plant of International Harvester of Great Britain.

The cut, involving about 18 per cent. of the 1,700-strong workforce, comes just after International Harvester has completed a £2.5m. expansion and modernisation programme at Bradford, stimulated mainly by the Turkish deal.

There is further irony in the fact that the redundancies had to be announced at the same time as the company disclosed record sales and profits for the year to last October.

Sales of £136.57m. were 29 per cent. ahead. Net profits were just over £5m. Sales to the U.K. market were up 18 per cent. at £46.8m., while export sales rose 35 per cent. to £91m.

Agricultural tractors and equipment accounted for 58.7 per cent. of total sales and industrial and construction equipment for 16.3 per cent. Capital expenditure during the financial year was £8.9m.

International Harvester, which is a subsidiary of the Chicago-based group of the same name, signed the Turkish deal with Turk Otomotiv Endustri in August 1975 and was supplying about 2,500 tractors a year as well as 4,000 sets of components.

The contract was ended after the Turkish Central Bank initiated a policy last February to stop the import of all goods except those in the "emergency and strategic" category.

This has reduced output at Bradford, where International Harvester produces its smaller tractors more suited to unsophisticated markets, by about a third.

Efforts have been made to fill the gap but, as there is no prospect of funds becoming available to finance future exports to Turkey, redundancies will take effect on May 12.

Mr. Larry Abbott, International Harvester's managing director in the U.K., says in a message accompanying the annual results that the group improved its share of the important wheeled tractor home market by 10 per cent. last year.

It is continuing to recruit at its Doncaster complex, where about 4,700 are employed making the bigger tractors and other equipment.

There is only a marginal overlap of activities between Bradford and Doncaster and Doncaster is not affected by the collapse of the Turkish deal.

Mr. Goodison said the Exchange was interested in such schemes as a means of increasing workforce involvement in the profit making process. It placed less emphasis on schemes as a means of promoting wider ownership of shares.

He drew attention to a survey carried out by the Confederation of British Industry in 1976 which showed that 85 per cent. of employees thought that industry would be more productive if they had a stake in the profit.

For this reason, the Revenue's document was "extraordinary and welcome," but he questioned its value where it suggested restriction of the form that profit sharing schemes could take.

In particular, he questioned the restrictions on the employee-shareholder's right to sell and the artificially low limits on the value of shares he could receive.

Profit-sharing schemes should remain "adaptable" and not be laid down on "tablets of stone." The employee-shareholder should have the right of turning his bonus shares into cash if he so wished.

The ICI profit-sharing scheme was a good model. A system where the employee could opt for cash, but where there was a tax incentive for him to hold on to the shares issued to him, was preferable.

Mr. George Copeman, of the Wider Share Ownership Council, asked Mr. Goodison whether there would be a market for the "new capitalists" created by profit-sharing schemes, implying that many of these new small shareholders would find it difficult to find someone willing to trade their shares at a satisfactory price.

Mr. Goodison said that he was aware that ICI employee-shareholders had had problems. He did not have the answer and one would have to be found.

First regional CBI conference

THE CONFEDERATION of British Industry is to hold its first regional conference in Cardiff on April 6. Entitled Wales into the Eighties, the conference will look in depth at the main problems besetting the Welsh economy and industry.

Speakers will include Mr. Terry Beckett, chairman and managing director of the Ford Motor Company, Mr. John Greenborough, CBI president, and Sir John Methven, its director-general.

limits, were: 1965-2.2 per cent.; 1970-2.1; 1973-1.6; and 1976-1.8.

For coal mining, the comparable figures for serious reportable accidents were: 0.24 per cent.; 0.21; 0.21; and 0.21. These, however, do not include non-reportable accidents, involving absence from work of more than three days which ranged from 42.3 per cent. in 1965 down to 19.6 in 1976.

In agriculture, "other accidents" more than three days absence were: 1973-1.96 per cent.; and for 1976-1.80.

Container line to use Portbury

By Our Shipping Correspondent

CAST, the Montreal-based container line, confirmed last night that it is to switch its U.K. direct port of call service from Southampton to Portbury, Bristol, after the decision by dockworkers at the Avonmouth port to lift their ban on operations.

Labour troubles have prevented the £38m. dock from opening since its formal inauguration by the Queen in August.

The first ship is expected at Portbury by the weekend, though CAST said last night that its future use of the port would be determined by the quality of price and service it received.

It will use the roll-on/roll-off and container facility at Portbury, which is to be managed and marketed by South West International Freight Terminal, a subsidiary of the Swedish Tor Line.

Bank expands

County Bank is to open a new office in Birmingham next month to service existing clients throughout the Midlands, excepting Derbyshire and Nottinghamshire, and to act as a focal point for handling new business.

Japan may peg U.K. car sales to 1977 levels

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE motor industry told the Government yesterday that it is very important to maintain the careful export activity and fully understand the difficulties of the U.K. motor industry, which is still in the stage of reconstruction.

The optimistic message came after talks in Tokyo last week when the Japanese manufacturers refused to make any commitments on restrictions of sales in the U.K. by either quantity or market share.

Although this is a tougher line against voluntary curbs than the Japanese have taken in the past, the U.K. negotiators appear to have come away with the impression that the Japanese will not pursue an aggressive sales policy in Britain this year.

This point has also been made in an elliptical way, by the Japanese. The Japan Automobile Manufacturers' Association has responded with some alarm to the critical Press comment in Western newspapers about the apparent breakdown of the voluntary understanding on restrictions.

A memorandum released yesterday by the association drew attention particularly to the passage in the communiqué which says that "Japanese manufacturers, who are highly dependent on export trade, think it is very important to maintain the careful export activity and fully understand the difficulties of the U.K. motor industry, which is still in the stage of reconstruction."

It went on to draw attention to the impact of the rise in the value of the yen in lessening the price competitiveness of Japanese cars.

Officials from the Society of Motor Manufacturers and Traders negotiating team yesterday met Sir Leo Pliatzky, Permanent Secretary of the Department of Trade, to give their account of the meetings in Tokyo.

These may be followed by further meetings with Mr. Dell gave some indication of a hardening of attitudes during a television interview at the weekend. But the Government remains reluctant to take formal action against the Japanese because of the damage this could do to international trade.

Offshore suppliers aim for S-E Asia

BY KEVIN DONE, CHEMICALS CORRESPONDENT

BRITAIN'S offshore supply industry is launching a sales initiative in South East Asia.

Some 36 British companies are exhibiting at the Offshore South East Asia exhibition in Singapore next week.

The sales effort is being given government backing in the form of a five-man team of senior officials from the Offshore Supplies Office, which apart from appearing at the exhibition, will also visit China, India, Australia, Malaysia and the Philippines.

The value of the offshore market worldwide, which the industry is aiming at, is estimated at about £4bn. By the early 1980s, this should have risen to about £5bn.

As part of the promotion, Sir Jack Rampton, secretary at the Energy Department, is to visit industrial concerns in the Singapore area.

Before the Singapore exhibition, officials from the Offshore Supplies Office will give presentations to senior Government Ministers on the capabilities of the U.K. offshore industry in South America, India, the USSR, Australia and the Middle East.

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As part of the promotion, Sir Jack Rampton, secretary at the Energy Department, is to visit industrial concerns in the Singapore area.

Goodison backs profit sharing

Financial Times Reporter

THE STOCK Exchange strongly supported the idea of profit sharing schemes in industry, the chairman, Mr. Nicholas Goodison, told the City branch of the Institute of Management yesterday.

It was the Exchange's first official reaction to the consultative document on profit sharing published by the Revenue at the beginning of this month.

Mr. Goodison said the Exchange was interested in such schemes as a means of increasing workforce involvement in the profit making process. It placed less emphasis on schemes as a means of promoting wider ownership of shares.

He drew attention to a survey carried out by the Confederation of British Industry in 1976 which showed that 85 per cent. of employees thought that industry would be more productive if they had a stake in the profit.

For this reason, the Revenue's document was "extraordinary and welcome," but he questioned its value where it suggested restriction of the form that profit sharing schemes could take.

In particular, he questioned the restrictions on the employee-shareholder's right to sell and the artificially low limits on the value of shares he could receive.

Profit-sharing schemes should remain "adaptable" and not be laid down on "tablets of stone." The employee-shareholder should have the right of turning his bonus shares into cash if he so wished.

The ICI profit-sharing scheme was a good model. A system where the employee could opt for cash, but where there was a tax incentive for him to hold on to the shares issued to him, was preferable.

Mr. George Copeman, of the Wider Share Ownership Council, asked Mr. Goodison whether there would be a market for the "new capitalists" created by profit-sharing schemes, implying that many of these new small shareholders would find it difficult to find someone willing to trade their shares at a satisfactory price.

Mr. Goodison said that he was aware that ICI employee-shareholders had had problems. He did not have the answer and one would have to be found.

First regional CBI conference

THE CONFEDERATION of British Industry is to hold its first regional conference in Cardiff on April 6. Entitled Wales into the Eighties, the conference will look in depth at the main problems besetting the Welsh economy and industry.

Speakers will include Mr. Terry Beckett, chairman and managing director of the Ford Motor Company, Mr. John Greenborough, CBI president, and Sir John Methven, its director-general.

limits, were: 1965-2.2 per cent.; 1970-2.1; 1973-1.6; and 1976-1.8.

For coal mining, the comparable figures for serious reportable accidents were: 0.24 per cent.; 0.21; 0.21; and 0.21. These, however, do not include non-reportable accidents, involving absence from work of more than three days which ranged from 42.3 per cent. in 1965 down to 19.6 in 1976.

In agriculture, "other accidents" more than three days absence were: 1973-1.96 per cent.; and for 1976-1.80.

Massey output cuts put suppliers on short-time

BY PETER CARTWRIGHT

ACROSS THE BOARD cuts in output of about 15 per cent. for the next three months at Massey-Ferguson's Coventry tractor plant are putting some of its 450 suppliers on short time.

Also affected is Massey-Ferguson's sister company, Perkins Engines, of Peterborough, which supplies power units.

This is the first market downturn in more than three years, but after strikes at Coventry and at one or two big suppliers, world conditions, Massey-Ferguson's production fell to 68,500 vehicles in the year to October 31, compared with 85,193 in the previous 1975-76 period.

The further contraction reflects problems in tractor markets such as North America, Turkey, Brazil and elsewhere. Only Continental markets are maintaining demand.

Massey-Ferguson supplies the parent company's Detroit plant with big axle and transmission sets. We are engaged in re-balancing our inventories to align them with more uncertain world conditions," Massey-Ferguson said yesterday.

The City of London Corporation and the London Borough of Islington have agreed on plans to safeguard jobs in the meat market and bring vacant buildings and land back into use.

The character and environment of the market and the surrounding area would be "conserved and enhanced."

The two authorities plan to encourage shops, housing and industry to move into the area, but acknowledge that it is "considered less suitable for offices than other parts of the City."

A series of public meetings will be held to assess opinion before the plans are finalised.

In 1973, the Covent Garden fruit and flower market was forced to move from the site it had occupied for over 300 years because of a shortage of space. The two authorities responsible for Smithfield however, hope that the meat market will not now have to make a similar move.

Facelift for Smithfield meat market planned

FINANCIAL TIMES REPORTER

LONDON'S Smithfield meat market is likely to remain at its present site and be given a facelift, according to proposals published yesterday by the City.

The City of London Corporation and the London Borough of Islington have agreed on plans to safeguard jobs in the meat market and bring vacant buildings and land back into use.

The character and environment of the market and the surrounding area would be "conserved and enhanced."

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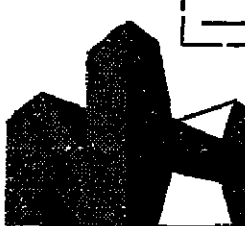
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HOME NEWS

Shortage of factory space increases

By John Brennan, Property Correspondent

THERE is an increasing shortage of modern factory and warehouse space, according to a survey of the industrial property market published today.

The quarterly industrial property availability survey prepared by King and Co., shows that there were 72.6m. square feet of industrial space on the market in England and Wales in mid-December.

A total of 31.3m. square feet of warehousing was empty, 4 per cent. less than in the previous quarter, and 41.2m. square feet of factory space was available, 51 per cent. down on the August figure.

Empty space represented less than 3 per cent. of the national stock of industrial property. Much of the available space was in older buildings possibly unsuitable for modern industry.

About 30 per cent. of available factories and 43 per cent. of warehouses were ten or more years old.

Private developers were on a level with state authorities as far as new factory buildings were concerned.

Private developers have shown a strong preference for more easily let warehouse schemes and are responsible for 15 per cent. of the modern factory buildings now on the market.

Stainless steel company collapses

By Our Glasgow Correspondent

A SECOND company backed by the Scottish Development Agency has collapsed, receiving a winding-up order from the court. The Perth engineering group of Triadynamics Machines and Patents and its two subsidiary companies.

The company, which makes stainless steel components and employs 25 people, is continuing to trade.

The agency said last April that it had invested £100,000 in the company, half in shares and half in the form of a loan. The share capital has been lost, and the agency will recover only part of its loan capital if the receiver sells the business.

Inco Electronics, based in Glenrothes, Fife, also went into liquidation last April.

Rate rises expected to pass 10% target

By DAVID CHURCHILL

RATE RISES for many households in England and Wales this year are expected to be above the 10 per cent. target set by the Government, according to statistics yesterday.

Provisional rates notified by 47 district councils suggest that domestic rates will increase by an average of 12.4 per cent. The largest increase was over 23 per cent. from a district council in North Yorkshire.

Mr. Peter Shore, the Environment Secretary, predicted average rate rises of less than 10 per cent. when he announced the Government's rate support grant last November.

Last month he admitted that the Government is well aware that to maintain services at current levels many authorities will need to increase rates

in double rather than single figures.

Although only 47 of the 333 district councils in England and Wales have reported their likely rate precepts to the Association of District Councils, the trend is not expected to change significantly when all rate precepts are known.

Powers review

If anything, the early returns tend to report marginally lower increases than those likely from councils still to make a decision.

Average rises of about 13 per cent. are expected when the association has more complete figures early next month.

The association said yesterday that it would meet two senior Cabinet Ministers next month to discuss proposals to

return to cities some powers lost in the 1974 Conservative local government reorganisation.

The meetings will be with Mr. William Rodgers, Transport Secretary, and Mr. David Ennals, Social Services Secretary.

These two, with Mr. Shore and Mrs. Shirley Williams, Education Secretary, have been asked by the Prime Minister to study what changes are necessary in the short term to restore the balance caused by the 1974 reorganisation.

The association emphasised yesterday that it sought restoration of responsibility covering only personal social services, non-strategic planning, and highways and traffic management for some district councils. It was not seeking a return of education powers.

'My firm was used,' Altman claims at currency trial

Mr. Lewis Altman told Guildhall court yesterday that he and his stockbroking firm had been used by others in a multi-million pound international currency fraud.

Mr. Altman, head of Lewis Altman and Company, was asked by Mr. Michael Worsley, prosecutor, "Do you agree that there was a revolving fund fraud using your firm for the purpose?"

He said: "With hindsight, yes—but not involving either my company, myself or my partner Robert Carnes. We were used."

Altman, aged 59, and Carnes, aged 31, face a total of 32 charges and plead not guilty to conspiring with London solicitor Judah Binstock and a number of others between 1974 and 1978 to contravene the Exchange Control Act and to obtain investment

currency premium millions of pounds which were not entitled to the premium.

Mr. Worsley claimed that the defendants and a group of businessmen had operated a "revolving fund exchange con-

trol fraud" which netted a profit of £2m.

The profit came from transactions involving £5.6m. of foreign currency passed off as investment currency. These sums were then sent round the world to complete the process, he alleged.

Altman told the court that in November, 1974, he had helped draft a letter from EIC Euro-securities to Lewis Altman and Co. instructing them in a transaction involving nearly \$1m.

Binstock, Pierre Cases and Lawrence Green—both also named in the charges—had been present.

He said the letter referred to the conversion of \$956,970 for the premium and stated that the money was the result of proceeds of the sale of overseas securities sold on behalf of U.K. residents.

He agreed that under the Exchange Control Regulations the name and address of the beneficial owner of the shares should have been included in the documentation. But he had been working from a 1964 instruction

from the Treasury which placed responsibility on the originating depositary.

"If this was a meeting of conspirators we would have had the latest EIC regulations and ticked them off as the points were committed to the letter," said Mr. Altman.

Mr. Worsley suggested that the draft of this letter was a forgery made in 1976 to deceive the Treasury.

Altman replied: "If that was the case I would be sitting here now—I would be sitting in the sun with the other conspirators." He said he had helped to draft the letter because he had asked for it and he knew what documentation his firm required.

Altman then denied arranging "put-throughs"—transactions in which a broker with two clients wishing to buy and sell similar blocks of shares fixed the deal through a jobber who need not see the shares in question.

The case continues to-day.

Retailers' guide to selling law

A REVISED version of a free leaflet giving advice to retailers on the law relating to the sale of goods has been prepared by the Department of Prices and Consumer Protection.

A Retailers Guide: Changes to the Law relating to the Sale of Goods, now includes the provisions of the Unfair Contract

Terms Act 1977, effective from February 1, as well as the Supply of Goods (Implied Terms) Act 1973. It explains how the changes affect the retailer and customer.

It describes the buyer's rights, what a retailer should do when a customer claims goods are defective and whether he can

pass on responsibility for defective goods.

It also explains that, under the new legislation, the rules for goods which are hired, exchanged or supplied under a contract for work and materials are brought closely into line with those for goods which are sold or hire-purchased.

British life insurance cheapest

By Eric Short

BRITISH LIFE insurance is the cheapest in Europe, according to a study undertaken by a Belgium consumer association.

L'Association des Consommateurs investigated the premium rates and buying conditions of term assurance—policies providing life assurance protection only over a fixed period with no savings element—in six EEC countries: Belgium, Luxembourg, Netherlands, France, West Germany and the United Kingdom.

The report found that premiums for term assurance were by far the lowest in the U.K. Costs in Belgium were double that for the equivalent policy in the U.K. while the U.K. rates were only one-fifth of those in West Germany.

The most expensive U.K. premiums were lower than the cheapest premiums elsewhere.

The report quoted the lowest U.K. premium (Phoenix Assurance) for £10,000 cover over 10 years on a man aged 30 as £11.80 annually against £56.70 in Germany.

The report concludes that it would be advantageous for Belgium, Luxembourg, French or German nationals to take out insurance in the U.K. or in the Netherlands.

It also suggested that the Bureau Européen des Unions des Consommateurs could ask the European Commission why there were such enormous differences in premiums.

Catering turnover rises 13%

CATERING TURNOVER in Britain during the fourth quarter of last year, at current prices and after seasonal adjustment, was 3 per cent. higher than in the previous three months and 13 per cent. more than in the final quarter of 1976.

For last year as a whole, turnover was 12 per cent. higher than in 1976, according to the Department of Trade.

In the licensed hotel and holiday camp sectors, turnover rose 21 per cent. at current prices during the final quarter of last year compared with the same period a year earlier.

For restaurants, cafés and fish and chip shops the increase was 17 per cent. for public houses 10 per cent. and for canteens 9 per cent.

Whitbread to close brewery

By Kenneth Gooding, Industrial Correspondent

REORGANISATION OF the production and distribution facilities of the West Pennines trading division of the Whitbread brewing group will cost 176 jobs.

The company is closing its 100-year-old brewery at Blackburn where 116 are employed. Three soft drinks depots operated by the R. Whites subsidiary, which employ about 60 people, are also to go.

Whitbread said yesterday that a substantial number of Blackburn brewery employees would be offered alternative work at £27m. brewery at Solihull.

Most of the soft drinks workers—at depots at Liverpool, Stockport and Birkenhead—would be offered other employment in the area.

Those who did not stay on would be given "generous redundancy terms."

Mr. Richard Bowman, managing director of Whitbread West Pennines, said that the overall objective was "to strengthen the company and improve efficiency so that we are better placed to penetrate a highly competitive market."

Telex link

BRITAIN'S telex links with France, Pacific Ocean island New Caledonia went automatic yesterday bringing to 110 the number of countries which Britain's 65,000 telex users can contact direct.



MR. TOM McAULIFFE: "Leeway made up."

Green Shield chief forecasts better sales and profits

FINANCIAL TIMES REPORTER

IMPROVING PROSPECTS for trading stamps in favour of the trading stamp company, were outlined yesterday, in London, by Mr. Tom McAuliffe, the chief executive.

The company would "definitely" make a profit for the year ending November, 1978, but it had no firm guide so far as to sales.

This was an improvement on the situation last June when the company was projecting no better than break-even for the current year. But after three months trading, the company had reversed its calculations.

Sales for the year ended November, 1977, had been £78m. or 10 per cent. down on the previous year. The company had also made a profit in the 1977-78 period, but Mr. McAuliffe would not put a precise figure on the outcome, beyond saying that profits were "well down." In 1975-76, Green Shield made profits of £3.3m.

Last summer, Tesco, which accounted for about a fifth of

Green Shield turnover, dropped trading stamps in favour of straight cash discounts.

No performance figures have yet been published for the year ended November, 1977, by Green Shield a private company owned by Mr. Richard Tomkins.

The company also announced the launch yesterday of a scheme to give Green Shield stamp savers better value at the 65 discount showrooms run by Argos, a sister company, also owned by Mr. Tomkins.

Under the scheme, first announced last December, shoppers will get a reduction of 55p on goods for every complete book of savings stamps.

Other moves in a £2m. promotion and investment package announced by Mr. McAuliffe included the addition of 20 new showrooms to the Argos chain by June, mainly via the conversion of Green Shield redemption centres, and publication of an expanded Green Shield discount catalogue.

Fruitmen issue oranges plea

By RICHARD MOONEY

BRITAIN'S FRUIT trade mercury are not poisoned," Mr. Hayes, chairman of the fruit and vegetable traders' association, said yesterday.

The Co-op said yesterday that it was taking further measures to prevent contaminated oranges reaching its customers.

It was installing a metal scanner at its Irlam green grocer depot in Greater Manchester as part of a three-stage check to ensure that the fruit is safe.

The Co-op is the largest single British agent for oranges from the Cyprus Marketing Board of Israel.

Mr. Hayes, chairman of the fruit and vegetable traders' association, said yesterday that the health risks implied by the publicity committee said.

Medical opinion was unanimous that the consumption of small quantities of metallic mercury presented no significant health risk. The Department of Health had not felt it necessary to advise the public against buying oranges.

Mr. Alick Glass, chairman of the federation's importers' committee, said that the public had

Malaysian Concorde ban may feature in talks

By MICHAEL DUNNE, AEROSPACE CORRESPONDENT

THE problem of Concorde flights to and from Singapore over Malaysian airspace is expected to be discussed at renewed Anglo-Malaysian aviation talks this week in Kuala Lumpur.

The talks are officially about the Anglo-Malaysian air services agreement, and it is up to the Malaysian Government to raise the Concorde issue.

Aviation observers in Kuala Lumpur and Singapore believe that Concorde will figure largely in the talks. Malaysian dissatisfaction with the air services agreement is thought to be the cause of its objections to Concorde.

Malaysian ban on Concorde overflights in December, shortly after flights to and from Singapore began, was attributed to that country's environmental concerns.

Discussions between U.K. aviation officials and the Malaysian Ministry of Communications have sought to allay these fears, while British Airways has suggested new flight paths for Concorde to avoid Malaysian territory. Neither effort has succeeded.

U.K. aviation quarters argue that if these matters were really settled by now, it is thought that the cause lies much deeper—either in dissatisfaction with the Anglo-Malaysian air services agreement, or in Malaysian political attitudes to Singapore.

Mr. George Rogers, the under-secretary in the Department of Trade responsible for civil aviation affairs, will be trying in this week's talks to learn Malaysia's views on the agreement.

Wives 'worth nearly £90 a week'

By Eric Short

A WIFE'S worth in the home in, on average, nearly £90 a week, according to a survey commissioned by Liberty Life Assurance.

The sum represents the total cost of hiring outside help to deal with the work done in the home by wives in looking after the house and children.

The survey analyses the cost of employing a full-time housekeeper, a full-time nanny to look after young children, a daily help and other persons to do odd jobs around the house and garden.

The most expensive area out of seven studied, is London and the south-east at £114.80 a week. Cheapest is Ulster at £77 a week.

The company also found that few husbands had any form of insurance on their wives to help cope with the financial consequences of losing a wife through death.

It pointed out that husbands simply did not realise the financial value of the work provided by their wives, and did not face up to the possibility of having to run their homes without them.

To meet this financial liability, the company has launched a family circle life insurance package. It is taken out for a selected period, with options to continue, and pays a lump sum on the death of the wife during this period which can be taken as income, together with a return of premiums paid.

Should the wife survive the selected period, then the premiums paid, allowing for tax relief, are returned to the husband.

The plan can also be taken out by wives on the lives of their husbands or written on both lives.

Legal and General Assurance Society carried out a similar survey in October 1975. The cost of a wife's services then was on average £71 per week.

Again it was found that few husbands took out any kind of insurance on their wives and the company accordingly launched a joint life family income benefit plan.

Helicopter facilities improved

BRITISH AIRWAYS has completed a £700,000 expansion of its helicopter facilities at Sumburgh Airport, in the Shetland Islands, to cater for the growth in its support operations for the North Sea oil and gas industry.

A new hangar and facilities for four Sikorsky S-61N helicopters have been built.

British Airways Helicopters has doubled the size of its helicopter fleet in Sumburgh during the last year and by April will be operating 12 S-61s out of the airport, carrying more than 12,000 passengers a month to 12 production platforms and other installations.

The company handles more than 50 movements a day at Sumburgh, increasing to 80 a day this summer.

Channel Islands call for U.K. charter flights

THE Channel Islands Air Advisory Council has told the Civil Aviation Authority that "serious thought" should be given to operating charter flights to the islands from distant parts of the U.K.

Previously, the islands' authorities have opposed charter operations from the mainland, believing these would damage their scheduled air links.

The council says that it understands this "but adds that an effective scheduled service could exist alongside charters from such areas as Glasgow, Edinburgh and Newcastle."

The islands are losing tourist traffic from the north of England and Scotland because of high air fares. It is claimed.

An application for a new air service between Bournemouth, Guernsey and Cherbourg has been made to the Civil Aviation Authority. The new company, Air Ferry, would operate regular passenger and freight services.

Utah International Finance Corp.

8% Guaranteed Sinking Fund Debentures Due March 15, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 15, 1972 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on March 15, 1978 (the redemption date), through the operation of the Sinking Fund provided for in said Indenture, \$330,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers:

COUPON DEBENTURES OF \$1000 PRINCIPAL AMOUNT OUTSTANDING	
20 1080 2338 3726 4720 5963	7192 8608 9886 11196 12288 13584 14412 15668 16962 18284 19237
21 1084 2399 3771 4745 5998	7241 8658 9936 11248 12340 13636 14464 15720 17016 18338 19291
22 1148 2460 3832 4806 6059	7290 8707 9985 11299 12391 13687 14515 15771 17067 18389 19342
23 1212 2521 3893 4867 6120	7339 8756 10034 11348 12440 13736 14564 15820 17116 18438 19391
24 1276 2582 3954 4928 6181	7388 8805 10083 11397 12499 13795 14623 15879 17175 18497 19450
25 1340 2643 4015 4989 6242	7437 8854 10132 11446 12558 13844 14672 15928 17234 18556 19503
26 1404 2704 4076 5050 6303	7486 8903 10181 11495 12617 13903 14721 15977 17293 18615 19561
27 1468 2765 4137 5111 6364	7535 8952 10230 11544 12676 13962 14780 16036 17352 18674 19618
28 1532 2826 4198 5172 6425	7584 9001 10279 11593 12735 14021 14839 16095 17411 18733 19675
29 1596 2887 4259 5233 6486	7633 9050 10328 11642 12794 14080 14898 16154 17470 18792 19732
30 1660 2948 4320 5294 6547	7682 9099 10377 11691 12853 14139 14957 16213 17529 18850 19789
31 1724 3009 4381 5355 6608	7731 9148 10426 11740 12912 14198 15016 16272 17588 18907 19846
32 1788 3070 4442 5416 6669	7780 9197 10475 11789 12971 14257 15075 16331 17647 18966 19903
33 1852 3131 4503 5477 6730	7829 9246 10524 11838 13030 14316 15134 16390 17706 19024 19960
34 1916 3192 4564 5538 6791	7878 9295 10573 11887 13089 14375 15193 16449 17765 19083 20017
35 1980 3253 4625 5599 6852	7927 9344 10622 11936 13148 14434 15252 16508 17824 19142 20074
36 2044 3314 4686 5660 6913	7976 9393 10671 11985 13207 14493 15311 16567 17883 19201 20131
37 2108 3375 4747 5721 6974	8025 9442 10720 12034 13266 14552 15370 16626 17942 19260 20188
38 2172 3436 4808 5782 7035	8074 9491 10769 12083 13325 14611 15429 16685 18001 19319 20245
39 2236 3497 4869 5843 7096	8123 9540 10818 12132 13384 14670 15488 16744 18060 19378 20302

The Debentures specified above are to be redeemed for the said Sinking Fund at the WGC-Corporate Bond Services Department of Citibank, N.A., Trustee, 111 Wall Street—2nd Floor, New York, New York 10043, and the local offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London, Milan, Paris, or Citibank (Belgium) S.A., Brussels, or Banca Commerciale Italiana in Milan, or Banque de Paris et des Pays-Bas in Paris, or Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg in Luxembourg, as the Company's paying agents, and will become due and payable on March 15, 1978 at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date. Coupons due March 15, 1978 should be detached and presented for payment in the usual manner.

For UTAH INTERNATIONAL FINANCE CORP.

By CITIBANK, N.A., Trustee

February 14, 1978.

One doesn't have to be successful to have style.



But it helps.

The world of fine luxury cars has produced many brilliant examples. At BMW we felt it would be unnecessary and prohibitively expensive to create a car with even more luxury than the best available at the moment.

The concept design basis of the BMW 7 Series was not, therefore, to produce simply another exceptionally comfortable car, but one with a dynamic and refined performance.

Luxury

The first impression one has when looking at one of the 7 Series is a car of exceptional yet quiet beauty, of disciplined power and of engineering and coachwork of the very highest quality.

Sit in the car and one immediately has the feeling of absolute comfort and excessive spaciousness especially in the back. The seats are anatomically designed for both comfort and support. The driver's adjusts for reach, angle and height.

Heating and ventilation is very sophisticated and can be finely set. Pneumatically controlled, warm and cold air are premixed and delivered in three controllable zones—face, body and feet. Air directed at the face is about 8% cooler than air to the feet, so the ideal of 'cool head warm feet' is achieved. In the 730 and 733i the rear passengers have their own independent heating and ventilation which they control themselves. Ventilation is also channelled into the front side windows for immediate demisting.

Quietness is now quite outstanding. Wind noise has been drastically cut by aerodynamic design and closer bodywork 'fit' and engine noise is even lower due to new sound damping.

In the areas where luxury cars excel—design, quality, comfort and quietness—the 7 Series has found new and better technological answers.

Performance

Most luxury cars are heavy and, whilst being fairly fast in a straight line, have neither good handling nor 'agility.' They are passive rather than dynamic cars. This is not the case with the 7 Series.

The chassis combines two apparently contradictory extremes—luxurious ride with exceptional handling. The new front suspension allows softer ride whilst giving better stability with less 'dive' and 'roll.' At the rear the race proven semi-trailing arm is used. All wheels independently and correctly align themselves for the best possible ride and hold on the road regardless of the surface or camber.

Once in the car one realises that the cockpit is totally driver orientated. Seat and steering can be adjusted to any driver for maximum comfort and ease of control. Considerable research has gone into the layout and has resulted in a 'wrap around' console. All dials are equi-distant from the driver's eye, all controls come immediately to hand.

As soon as one drives the car one understands the advantages of the BMW philosophy of making the driver the essential element of car design. Stress and difficult situations are reduced and the pleasure of being able to drive both courteously and as one pleases is very rewarding.

Safety

The core of the 7 Series 'passive safety' is the passenger compartment. This rigid cell with its integrated roll over bar, longitudinal and vertical supports remain intact on impact when the front or rear safety zones absorb energy. Inside the car, padded upholstery has been developed into a complete protective system. It operates at three different levels—face, shoulder and below window level with different forms of padding to give maximum protection.

In 'active safety' terms the driver is the essential element. So everything is designed, researched and developed to make his task simpler and more efficient.

The 7 Series incorporates many highly advanced, technological improvements to help prevent the worst happening. The most important being the new 'double pivot front suspension.' This gives exceptional directional stability—should one wheel hit slush, or a tyre burst, the car will remain on line.

This stability allows a new dual braking system—if there is a failure the car brakes on one front wheel and the opposite rear wheel which, with the new front suspension, eliminates slewing.

Driving Pleasure

The 7 Series combine performance and comfort in a way that no other cars have done before. A passenger has all the luxury, the smoothness of ride and the quietness to make any journey a pleasure. The driver has the effortless power and performance which encourages a new spirit of driving.

This, then, is the new BMW 7 Series range. Cars in the very highest luxury class with sophisticated, refined and powerful performance. A unique and exceptional choice amongst the world's greatest cars.

Performance glossary (Manual figures only. Source BMW)

728: 2.8 litres, 170 bhp, 0-60 in 10 secs, max 120 mph

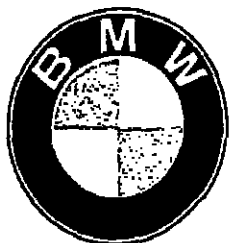
730: 3.0 litres, 184 bhp, 0-60 in 9.4 secs, max 125 mph.

733i: 3.3 litres, 197 bhp, 0-60 in 8.9 secs, max 128 mph.

Prices: 728: £8,950.00. 730: £10,540.00. 733i: £11,550.00.

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The posts are wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention. Applicants should be citizens of the United Kingdom.

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World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 13, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied. Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer. Abbreviations: (S) member of the sterling area other than Scheduled Territories; (R) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (S) selling rate; (B) buying rate; (nom.) nominal; (ex/c) exchange certificates rate; (P) based on U.S. dollar parities and selling sterling dollar rate; (B) bankers' rate; (B.S.) basic rate; (C) commercial rate; (Cn) convertible rate; (F) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan (Afghani)	63.00	Germany (D) Deutschmark	4.0774	Paraguay (Guarani)	94.00
Albania (Lek)	100.00	Ghana (S) Cedi	2.1000	P.R. of Congo (S) Zaire	20.00
Algeria (Dinar)	7.8500	Gibraltar (G) Gibraltar £	1.0000	Philippines (P) Philippine P.	10.00
Andorra (P) Ptas.	166.67	Guatemala (Q) Quetzal	2.0000	Pitcairn (P) Pitcairn £	1.0000
Angola (Kwanza)	200.00	Guinea (S) Guinea F.	2.0000	Poland (Zloty)	100.00
Antigua (S) Antigua \$	1.0000	Guinea-Bissau (S) Guinea-Bissau F.	2.0000	Portugal (Escudo)	200.00
Argentina (A) Arg. Ptas.	132.27	Guinea (S) Guinea F.	2.0000	Principe (Escudo)	200.00
Australia (A) Australian \$	1.4960	Guinea (S) Guinea F.	2.0000	Rwanda (S) Rwanda F.	200.00
Austria (Schilling)	13.7603	Guinea (S) Guinea F.	2.0000	S. Africa (Rand)	1.0000
Bahamas (B) Bah. \$	1.0000	Guinea (S) Guinea F.	2.0000	Senegal (S) Senegal F.	200.00
Bangladesh (S) Taka	25.00	Guinea (S) Guinea F.	2.0000	Sierra Leone (S) Leone	1.0000
Barbados (S) Barb. \$	1.0000	Guinea (S) Guinea F.	2.0000	St. Helena (S) St. Helena £	1.0000
Belgium (S) B. Franc	36.3636	Guinea (S) Guinea F.	2.0000	St. Kitts (S) St. Kitts £	1.0000
Belize (S) B. \$	1.0000	Guinea (S) Guinea F.	2.0000	St. Lucia (S) St. Lucia £	1.0000
Bermuda (S) Berm. \$	1.0000	Guinea (S) Guinea F.	2.0000	St. Vincent (S) St. Vincent £	1.0000
Bhutan (S) Bhutan \$	1.0000	Guinea (S) Guinea F.	2.0000	Swaziland (S) Swaz. \$	1.0000
Bolivia (S) Boliv. \$	1.0000	Guinea (S) Guinea F.	2.0000	Sweden (S) Sw. Krona	1.0000
Brazil (S) Cruzado	1.0000	Guinea (S) Guinea F.	2.0000	Switzerland (S) Swiss Franc	1.0000
Brunei (S) Brunei \$	1.0000	Guinea (S) Guinea F.	2.0000	Syria (S) Syrian £	1.0000
Bulgaria (S) Bulg. \$	1.0000	Guinea (S) Guinea F.	2.0000	Taiwan (S) Taiwan \$	1.0000
Cameroon (S) Cam. \$	1.0000	Guinea (S) Guinea F.	2.0000	Tanzania (S) Tanz. Shilling	1.0000
Canada (S) Can. \$	1.0000	Guinea (S) Guinea F.	2.0000	Thailand (S) Thai Baht	1.0000
Cape Verde (S) Cape Verde \$	1.0000	Guinea (S) Guinea F.	2.0000	Togo (S) Togo CFA Franc	1.0000
Ceylon (S) Ceylon \$	1.0000	Guinea (S) Guinea F.	2.0000	Tonga (S) Tonga \$	1.0000
Chad (S) CFA Franc	1.0000	Guinea (S) Guinea F.	2.0000	Trinidad (S) Trin. Dollar	1.0000
Chile (S) Chilean \$	1.0000	Guinea (S) Guinea F.	2.0000	Tunisia (S) Tunis. Dinar	1.0000
China (S) RMB	1.0000	Guinea (S) Guinea F.	2.0000	Turkey (S) Turkish Lira	1.0000
Columbia (S) C. \$	1.0000	Guinea (S) Guinea F.	2.0000	U.S.A. (S) U.S. Dollar	1.0000
Costa Rica (S) Costa \$	1.0000	Guinea (S) Guinea F.	2.0000	Uruguay (S) Urugu. P.	1.0000
Cuba (S) Cuban \$	1.0000	Guinea (S) Guinea F.	2.0000	Venezuela (S) Venez. Bolivar	1.0000
Cyprus (S) Cyp. \$	1.0000	Guinea (S) Guinea F.	2.0000		
Czechoslovakia (Koruna)	1.0000	Guinea (S) Guinea F.	2.0000		
Denmark (S) Danish Krone	1.0000	Guinea (S) Guinea F.	2.0000		
Dominican (S) D. \$	1.0000	Guinea (S) Guinea F.	2.0000		
Dominican (S) D. \$	1.0000	Guinea (S) Guinea F.	2.0000		
Ecuador (S) Suro	1.0000	Guinea (S) Guinea F.	2.0000		
Egypt (S) Egyptian \$	1.0000	Guinea (S) Guinea F.	2.0000		
El Salvador (S) El Sal. \$	1.0000	Guinea (S) Guinea F.	2.0000		
Equatorial Guinea (S) Equ. \$	1.0000	Guinea (S) Guinea F.	2.0000		
Falkland Is. (S) Falkland Is. £	1.0000	Guinea (S) Guinea F.	2.0000		
Faroe Is. (S) Danish Krone	1.0000	Guinea (S) Guinea F.	2.0000		
Finland (S) Finnish Markka	1.0000	Guinea (S) Guinea F.	2.0000		
France (S) French Franc	1.0000	Guinea (S) Guinea F.	2.0000		
French Polynesia (S) C.F.A. Franc	1.0000	Guinea (S) Guinea F.	2.0000		
Gambia (S) Dalasi	1.0000	Guinea (S) Guinea F.	2.0000		
Germany (S) Ostmark	1.0000	Guinea (S) Guinea F.	2.0000		

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. Rates are per pound.

The Ougra has replaced the CFA Franc. The exchange was made at a rate of CFA Franc 5 to one unit of the new currency.

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S.G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.\$1,850,000 due 15th March, 1978 has been met by purchases in the market to the nominal value of U.S.\$355,000 and by a drawing of Bonds to the nominal value of U.S.\$1,495,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:-

3021 to 3025	3031 to 3047	3049 to 3052	3066 to 3068	3073 to 3078
3082 to 3083	3085 to 3088	3091 to 3093	3096 to 3097	3101 to 3102
3104 to 3131	3133 to 3143	3148 to 3149	3152 to 3153	3166 to 3174
3225 to 3229	3232 to 3237	3239 to 3241	3243 to 3246	3248 to 3271
3273 to 3446	3448 to 3456	3458 to 3465	3468 to 3552	3561 to 3567
3588 to 3592	3598 to 3600	3602 to 3603	3678 to 3710	3712 to 3732
3629 to 3633	3636 to 3639	3642 to 3674	4080 to 4083	4086 to 4170
3734 to 3846	3848 to 3862	3865 to 4075	4262 to 4268	4270 to 4271
4172 to 4227	4229 to 4232	4263 to 4288	4466 to 4477	4489 to 4532
4274 to 4291	4292 to 4303	4348 to 4377	4569 to 4600	4703 to 4702
4534 to 4538	4541 to 4557	4563 to 4567	4800 to 4821	4824 to 4827
4711 to 4740	4781 to 4786	4788 to 4797	4888 to 4890	4892 to 4895
4839 to 4846	4848 to 4850	4870 to 4885	4923 to 4925	4938 to 4939
4898 to 4905	4907 to 4911	4915 to 4917	4989 to 4992	5009 to 5100
4942 to 4945	4948 to 4950	4979 to 4987		
4996 to 5000	5006 to 5014	5022		
5106 to 5124				

On 15th March, 1978 there will become due and payable upon each Bond drawn for redemption the principal amount thereof together with accrued interest, said date at the office of:-

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds for redemption on and after 15th March, 1978.

Bonds presented for payment must have attached all coupons maturing after that date.

U.S.\$7,700,000 nominal Bonds will remain outstanding after 15th March, 1978.

The following Bonds previously drawn for redemption on dates given below, have not yet been presented for payment.

15th March, 1975

No: 9732 : 9783 : 9829 : 9886 : 9912 to 9914 : 10142 : 10143 : 10274 : 10365 to 10367 : 10391 to 10399 : 10570 : 10604 : 10605 : 10626 : 11136 to 11138

15th March, 1976

No: 15 to 20 : 405 : 494 : 614

15th March, 1977

PARLIAMENT AND POLITICS

Healey admits 10% pay policy stricter than first intended

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT has imposed its 10 per cent. wage policy more rigidly than originally intended, Mr. Denis Healey, Chancellor of the Exchequer, told the Commons last night.

He was replying to a second Conservative attack on the Government's "black list" where by Government contracts and aid are denied to companies in breach of the pay guidelines.

Mr. Healey indicated that the Government wanted to extend the wages policy to cover nationalised industries and possibly local government and aid to companies in the private sector would be necessary in any future pay policy.

If future governments did have an incomes policy embodied in a White Paper approved by the House, then "fair contract clauses" would apply.



Sir Geoffrey Howe complained that "jackboot justice" was apparently supported by Liberals.

"It would be quite ridiculous to confine the operation of the pay clauses to the particular year in which the contract was signed," he said.

Sir Geoffrey Howe, the shadow Chancellor, accused the Government of "jackboot justice" and of "reaching round the garbage cans of government" in their search for arbitrary sanctions.

The House was debating a Conservative motion declining to support the Government's arbitrary use of economic sanctions against firms which negotiated settlements outside the pay code. It called upon the Government to withdraw the new contract clauses on public purchasing announced last week by Mr. Roy Bates, the Prices Secretary.

It was the second time in a week that the Opposition had mounted an offensive with the intention of defeating the policy. Last Tuesday, a Conservative attempt to persuade the

House to reject it failed by 14 votes.

Sir Geoffrey accused the Government of starting out with a voluntary policy for Phase Three and then surreptitiously toughening it up until it resembled a statutory one.

"There have ended up with all the rigidities of a statutory system, with the added disadvantage that they are entirely lacking in statutory authority," he declared.

Mr. Healey denied that the government was acting without authority, but by implication conceded that there was much truth in Sir Geoffrey's accusation.

"We have been compelled to adopt a 10 per cent limit with increasing rigidity. I don't dispute that for a moment. I don't think that the House or the country would blame us for doing so."

The Tories shouted that this was "as clear as mud." But the Chancellor rejected suggestions by the Liberals that there should be tax sanctions against firms breaking the 10 per cent guidelines.

He would be prepared to use his tax powers to influence pay settlements if the Liberals could show him any means of doing so that would be fair and flexible. But he did not think it possible to use the tax structure to achieve these objectives.

Mr. Healey said that the Government had no intention of "going soft" in the battle against inflation. "I make no apology whatever for what the Government has done over the past 23 years, or for what it may do in the future."

"This Government is not going to use public funds to subsidise firms which are breaking the code, particularly when the great majority of firms and workers whose taxes provide these funds, are observing the guidelines."

There was laughter from the Opposition when he said that the Government was operating strictly from within the law. Action against individual companies was not taken in secret, but on the basis of confidentiality.

The Government must have the means of achieving its objectives in the private sector, however limited these means were compared with its power as employer and paymaster in the private sector.

"The majority in the country believes this policy is necessary. They see it as a success and its success depends upon it being even-handed."

"There is no chance of powerful trade unions in the public sector accepting the guidelines, if employers and workers in the private sector are free to do as they like."

Mr. Healey said the Confederation of British Industry had no objection to the Government using its discretionary powers. But Mrs. Margaret Thatcher, leader of the Opposition, had put down the hostile motion as "an act of irresponsibility and desperate political opportunism which bore comparison with her remarks on immigration."

In doing so, she had alienated herself from her natural constituency in the business world, and he urged the House to



Mr. Healey... "compelled towards rigidity."

reject the motion with the disgust it deserved.

Opening the debate, Sir Geoffrey said that Ministers faced three charges.

The Government had "changed fundamentally" its flexible pay policy and was now "attempting to impose a rigid 10 per cent pay limit that was in itself a damaging, dishonest shift in policy."

It was "adopting methods which are unjust and arbitrary, unlawful and unconstitutional, which did not deserve, and had not received, the support of the Commons."

It had brought in the new form of Government contract which, "far from putting things right, only makes matters a good deal worse, and should be withdrawn forthwith."

Powell says Tory attack 'justified'

Mr. Regina Maundling (C. Barnet), a former Tory Chancellor, said the Government had been arbitrary and secretive, and some Ministers arrogant and insensitive.

MPs on both sides professed to believe in a return to free collective bargaining, but it was not the old concept of the phrase, and the enormous changes of recent decades meant that when industrial muscle was used, the public suffered every time.

Modern disputes involved blackmailing the public and the consumer at large.

Mr. Douglas Hoyle (Lab. Nelson and Colne) called for a return to free collective bargaining. The Government's policy was the wrong way to deal with Britain's economic problems. It was a "blunt instrument that is used with all the subtlety of an elephant in a Treasury tea-shop," he said.

Mr. Enoch Powell (U. Down S) said the policy would not lead

Sir Geoffrey said that the Government's policy had been to accept a return "to responsible free collective bargaining, free of Government interference." That had general support both inside and outside the House. But that policy expressly excluded a rigid pay limit.

"How far has that flexible policy, which was welcomed on all sides of the House, been abandoned, if it has been abandoned, and what has taken its place?" Sir Geoffrey demanded.

"When did the 10 per cent average figure turn into a rigid figure and by what authority?" By its failure to explain its original policy, the Government had let the 10 per cent figure become first a guideline, then a target, and finally, a platform.

"Having set out to return to normal collective bargaining the Government have ended up with all the rigidities of a statutory system with the added disadvantage that they are entirely lacking in statutory authority," Sir Geoffrey declared.

If there were to be sanctions, they should be clearly defined and those against whom they were applied should be entitled "to notice of their charge" and entitled to defend themselves.

"Every one of these rules of natural justice is now being violated deliberately by this Government."

Turning his attack to the Liberals, Sir Geoffrey said that the Government's "jackboot justice" on pay was now apparently supported by them. The Liberals, he argued, were "ever ready to preach the rule of law in every country but their own."

Sir Geoffrey reminded the Government it had not taken any discretionary action on the Ford settlement. "Why not? Is the Government not still purchasing Ford motor cars? Is it because of the size of the victim or the size of the Labour majorities that might be affected?"

Labour has held the lead in Scotland since October and now has a larger and more sustained margin over other parties than has been achieved by any of its rivals since the October 1974 general election.

The last poll, published in January, showed the party with 34 per cent, compared to 28 per cent for the Conservatives and 28 per cent for the Scottish Nationalist Party.

With a Parliamentary election pending at Garscadden, Glasgow, on April 13, this result bodes particularly well for Labour, who will be fighting to hold off a big campaign from the Nationalists.

The only method of changing the law of the land was by legislation, said Mr. Powell. The way the Government was applying its pay policy was not legal. If sanctions were being inflicted on companies for breaking the pay policy, then "that which the citizen has offended against must be laid down by the law of the land and must be proved."

If the pay policy needed "policing" it should be done by proper legal and constitutional means.

Liberal economic spokesman, Mr. John Pardoe said that incomes policy was the essential price to pay for full employment and stable prices. "I do not support free collective bargaining in any way, shape or form. It was a 'licensed exercise of monopoly power.'"

Scottish polls give Labour boost

By Ray Perman, Scottish Correspondent

THE Government has received a double boost in Scotland, with opinion polls showing continuing support for devolution, and a significant lead for Labour over other parties.

A poll published yesterday in the Glasgow Herald showed that 55 per cent of the electorate still favoured a Scottish Assembly and 28 per cent were against it. The remaining 17 per cent were uncertain.

The finding was in line with previous polls. One survey by the same organisation—System Three—a year ago, showed a slightly closer result, with 53 per cent for and 31 per cent against.

The result comes when devolution has been undergoing a battering in Parliament. If it was repeated in the referendum scheduled for the autumn, a turnout of 60 per cent of the total electorate would be sufficient to comply with the 40 per cent rule demanded by the amendment passed in the Commons two weeks ago.

The same polling organisation also reported at the weekend that Labour now commands the support of 38 per cent of Scottish voters, compared to 25 per cent for the Conservatives and 27 per cent for the Scottish National Party. Liberals received 5 per cent support and the breakaway Scottish Labour Party 2 per cent.

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In addition, £900,000 goes to Orkney Islands Shipping Company. A £300,000 grant has also been paid this year to Caledonian MacBrayne towards acquisition of Kilmacraig Pier, West Loch Tarbert, and a further grant for improvements will be made in 1978-79.

Benn rejection of EEC refinery plans backed

BY IVOR OWEN, PARLIAMENTARY STAFF

THERE was strong backing from both sides of the Commons yesterday for the stand taken by Mr. Anthony Wedgwood Benn, Energy Secretary, against attempts to apply EEC proposals for limiting oil-refinery capacity to Britain.

"Announcing that he had invited Guido Brunner, the EEC Energy Commissioner, to London early in March for talks on the issue, Mr. Benn stressed his intention 'to make it clear that I regard this as an absolutely essential interest of the U.K.'"

"There could be no question of the Government encouraging refineries to close on the issue. He had indicated to Mr. Brunner 'the gravity with which the U.K. would regard proposals which might involve directives, or even voluntary guidelines, backed up by sanctions which would be applied to any refinery proposal which the Commission had in mind.'"

Mr. Benn had already been asked by the European Energy Council to consider an EEC proposal for consultation with the Community on any new refinery projects.

The Government's response would take account of the tripartite consultations with management and unions in the refining industry. The first of these was on January 24, when unions would have a serious interest in the proposals, the only major EEC jobs in the British industry could be threatened by Brussels schemes.

The Commission was considering further proposals for the

industry. These concerned guidelines for individual refineries, the use of Community funds to encourage refinery closures, and a ban on Community and EEC aids for new refineries.

The proposals also included ideas for monitoring imports of refined oil products into the Community.

Mr. Neil MacFarlane (C. Strath and Cheam) questioned the effect of the EEC proposals on present plans to expand refinery and distillation capacity in the U.K.

Mr. Benn replied: "I have engaged in discussions with the Community because I am prepared to see decisions about our own refineries taken elsewhere. Mr. John Riffe (C. Oswestry) said earlier 'discussions' has taken away from the Commons what was a serious interest in the proposals which the U.K. refinery industry would be subject to debate in Westminster."

He asked if the Minister was satisfied that under the terms of the Treaty of Rome, the EEC Commission had autonomous power and authority to propose specific refinery aid and regional aid.

Mr. Benn said he was unable to interpret the relevant provisions in the treaty. But if important decisions were to be taken away from the Commons, there would have a serious interest in the proposals, the only major EEC jobs in the British industry could be threatened by Brussels schemes.

The Commission was considering further proposals for the

Hint of new orders for U.K. reactor

BY IVOR OWEN

FURTHER ORDERS may be placed for the British designed advanced gas cooled reactor (AGR) in addition to the two authorised last month, Mr. Anthony Wedgwood Benn, Energy Secretary, indicated in the Commons yesterday.

He rejected Opposition charges that the decisions on nuclear reactor policy announced on January 25 had left the industry in a state of uncertainty.

Those who claimed uncertainty were disappointed that the Government had not decided to shift at once to the full range of PWR, the U.S. designed, pressurised water reactor, Mr. Benn declared.

"Having failed to persuade the Government that was right, or even the customer — they are now going round saying that there is uncertainty. There is no uncertainty."

Mr. Benn then reaffirmed that the Government's view was that the decision on ordering the PWR should be made in "due time."

He told MPs that to provide the option of adopting the PWR system in the 1980s, the government had endorsed the declared intention of the Central Electricity Generating Board to order a PWR station provided design was satisfactory, completed and all necessary government and other consents had been obtained.

In deciding whether to give

these consents, I would expect the government of the day to take regard to safety, economics and operational experience, but not to withhold consents on arbitrary grounds," the Secretary of State added.

The possibility of further orders being placed for the AGR emerged when Mr. Arthur Palmer (Lab. Bristol NE) referred to the varying interpretations placed on Mr. Benn's January statement in seeking clarification, he asked.

It was the government's intention that no further AGRs should be built — once those already authorised had been completed.

Mr. Benn replied: "Such an interpretation would be wrong. The generating board does not rule out the possibility of further AGRs before 1980. The implication is that this is simply a way of shirking the responsibility of making a permanent decision on PWR. It is certainly without foundation."

But he emphasised the Government wanted a "general option" on the PWR not open until the late 1980s. Mr. Tom King (Conservative) energy spokesman, let the phrase that Mr. Benn's January statement had created "total uncertainty" in the industry be called for confirmation that "residual policy decision" remained to be taken.

Mr. Benn answered: "Of course there is a decision. The decision will be taken by the government of the day in due time."

BNOC 'not dictating North Sea policy'

BY IVOR OWEN

TORY ALLEGATIONS that the British National Oil Corporation dictates the policy of the Department of Energy in the North Sea were dismissed as "mischievous" by Dr. Dickson Maben, Energy Minister, in the Commons yesterday.

"BNOC is a State Corporation and enjoys the same relationship as does any other State oil corporation. It has no regulatory or supervisory functions, and is entirely an adviser to the Government," he said.

Mr. Tom King, shadow Energy Minister, said he knew that BNOC has an advisory function, but it is extending that advisory function into a controlling position in the development of the North Sea.

Dr. Maben replied: "There is no question of BNOC taking over any of the statutory functions of the Secretary of State or the Department of Energy."

"BNOC is an adviser to the Secretary of State, no more and no less."

The Minister said that the activities of BNOC and the activities of the Secretary of State were complementary and not contradictory.

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Labour MP fears unrest over pit incentives

BY IVOR OWEN

THE NEW miners' incentive schemes would lead to "wide spread industrial unrest," Mr. Richard Kelley (Lab. Don Valley), a former miner, said in the Commons yesterday.

But Mr. Alex Eadie, Energy Under-Secretary, also an ex-miner, said he would not want to "hang his hat" on such an argument until the schemes had run longer.

Bonus schemes were only fully operational in a third of collieries. In those pits output was 10 per cent higher in January than the October 1977 levels, before the schemes started, he said.

Mr. Kelley said the unrest would be caused by "a combination of factors, such as the inability to understand the various conditions of the industry."

Mr. Tom Litterick (Lab. Salford) said that it was "a matter of money incentive and money incentive were correct, productivity were correct, accelerated redundancies."

Mr. Eadie did not accept Litterick's argument. He said that the incentive schemes had been running since January and that the productivity levels had risen.

They would like to see productivity.

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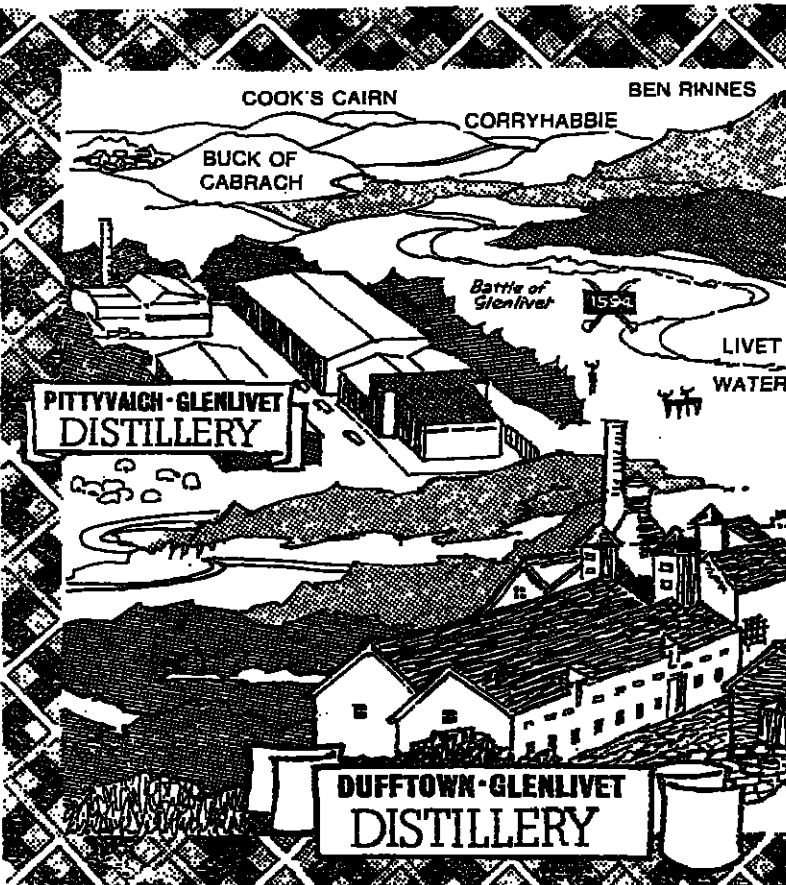
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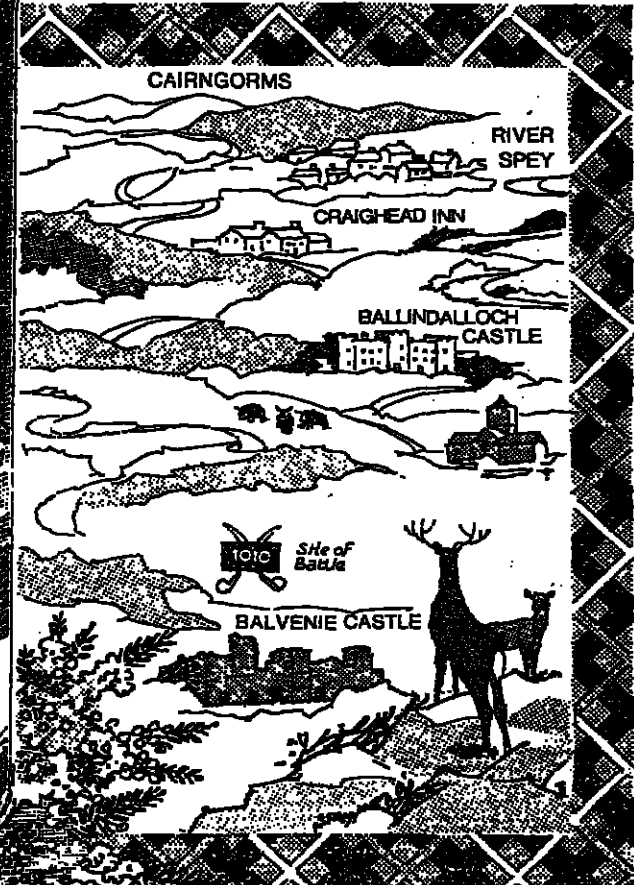
They would like to see productivity.

Mr. Eadie said that the incentive schemes had been running since January and that the productivity levels had risen.

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POINTMENTS

Simonis to head Halfords

P. G. Simonis has been named chairman of the HALFORDS GROUP following the death of Mr. R. A. Jones, who was chairman of the group since 1970.

A. S. Crawford has been named management development director of HALFORDS (U.K.) from April 1. He will be succeeded as distribution director by Mr. R. Selkirk, at present director of operations.

Michael Staton has been named financial director of HALFORDS, a subsidiary of Halfords.

B. D. K. Becker has been named to the Board of LYONS. Mr. B. D. K. Becker has been a member of the Board of De Fable International.

R. M. Bonwell has joined RO HOUSLEY HEATH as secretary for the holding company and all subsidiaries, group accountant.

J. M. Creed has been named director of finance of BRITISH AERO DYNAMICS GROUP.

R. O. Bogle has been named to the newly established position of



Mr. P. N. Nigel Turner

Mr. C. W. Ross has been named to the position of managing director of BENLOX HOLDINGS. Mr. Ross has been the managing director of BENLOX HOLDINGS since 1970.

ACCOR INTERNATIONAL, of the U.S. has named Mr. Jeffrey K. Newson, previously managing director of ACCO U.K., as its new president and chief executive. Mr. Newson has been managing director of ACCO U.K. since 1970.

Mr. Rodney D. Barnett has been named managing director of BENLOX HOLDINGS. Mr. Barnett has been the managing director of BENLOX HOLDINGS since 1970.

Mr. R. P. Booth has been named managing director of BENLOX HOLDINGS. Mr. Booth has been the managing director of BENLOX HOLDINGS since 1970.

Mr. R. O. Bogle has been named to the newly established position of managing director of BENLOX HOLDINGS. Mr. Bogle has been the managing director of BENLOX HOLDINGS since 1970.

The Secretary for the Environment has appointed three new members to the NOISE ADVISORY COUNCIL. They are Mr. D. J. Barnett, Mrs. A. Davis and Dr. C. Ashley.

Mr. John F. Storey has joined AMERICAN INTERNATIONAL UNDERWRITERS (LONDON) as a director and managing director of the company's insurance department.

Mr. Hamish Donaldson has been appointed to the Board of HILL SAMUEL AND CO.



Mr. R. O. Bogle

post of manager of the metal department of HAL METAL INDUSTRIES.

D. Whitworth has been named production director of BR HOLDINGS. He was previously a director and general manager of Quilts Tools.

P. N. Nigel Turner, son of Mr. and Mrs. Nigel Turner, has been named to the position of managing director of the company's insurance department.

WE CONTRACTS

Brake and Scull wins orders worth £1m.

Brake and Scull Engineering has received contracts worth £1m. Most of the orders are for the design, construction and installation of heating, ventilation and air conditioning systems for industrial and commercial buildings.

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Iann Egerton Electrical has secured orders worth £1.5m. The orders are for the design, construction and installation of electrical systems for industrial and commercial buildings.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTERS

DATA PROCESSING

BASF disc launch sets a pattern

IN LAUNCHING its top end of the range computer disc drives of the fully enclosed type last week (using the so-called Winchester technology), BASF is presenting a challenge to IBM across a broad range of magnetic memory media.

The Winchester technology, on which BASF has improved, is that of the combined disc pack and drive, in which the pack contains both disc and read-write heads. This allows the packs to be sealed, which, because it removes the possibility of stray dust, hairs, or grease marks, allows for reduction in the space between heads and the disc media. Such a reduction in separation, of course, is essential when trying to increase both speeds and life.

BASF claims a data transfer rate some 25 per cent. faster than with the IBM equivalents.

The six models in the BASF 6250 family consist of three fixed head drives of zero access time, each of 1,144,140 bytes, and three 317.5 megabytes per drive units, the model selection depending on the way they need to be coupled and the control units to be used. It is possible to couple them as to give 2,540 megabytes on line, and for security, the 6250 disc packs can only be removed from the drive by a field engineer.

BASF indicates that its prices are "substantially below" IBM and that any IBM reductions will be matched step by step. First deliveries in the U.K. are scheduled for the end of March.

BASF uses its own magnetic recording expertise, manufactures its own media (it should not be forgotten BASF was among the first recording tape and disc manufacturers) and is working jointly with Japanese partners from the Hitachi/Fujitsu group on the mechanics and electronics, but using lower cost assembly areas in the Far East for some of the work. It is believed.

If this becomes the pattern head drives of zero access time, for the future of high-technology peripherals, it could become a pattern to live with even for IBM and CDC.

Tape stores the data

DATA WRITING equipment, the UDS 5,000D, which uses paper tape as the storage medium, has been launched by Ultronic Data Systems, a Dowty Group company.

The new machine is particularly suited to the preparation of a range of typed business forms, such as invoices, purchase and work orders, invitations to tender, and customs and shipping documents which contain a high degree of prescribed information and format, and hence a large amount of repetitive typing.

Data prepared on the UDS 5,000D can be entered directly into a computer via the machine's punched tape.

Either one or two tape readers can be fitted, and a tape punch, and the single element "type-sphere" prints at 154 characters per second, 96 characters per line, 11 pitch. Codes are BCD or ISO, and the machine will operate with all normal grades of tape. The punch incorporates full parity and matrix checks to ensure 100 per cent. accuracy in tape punching.

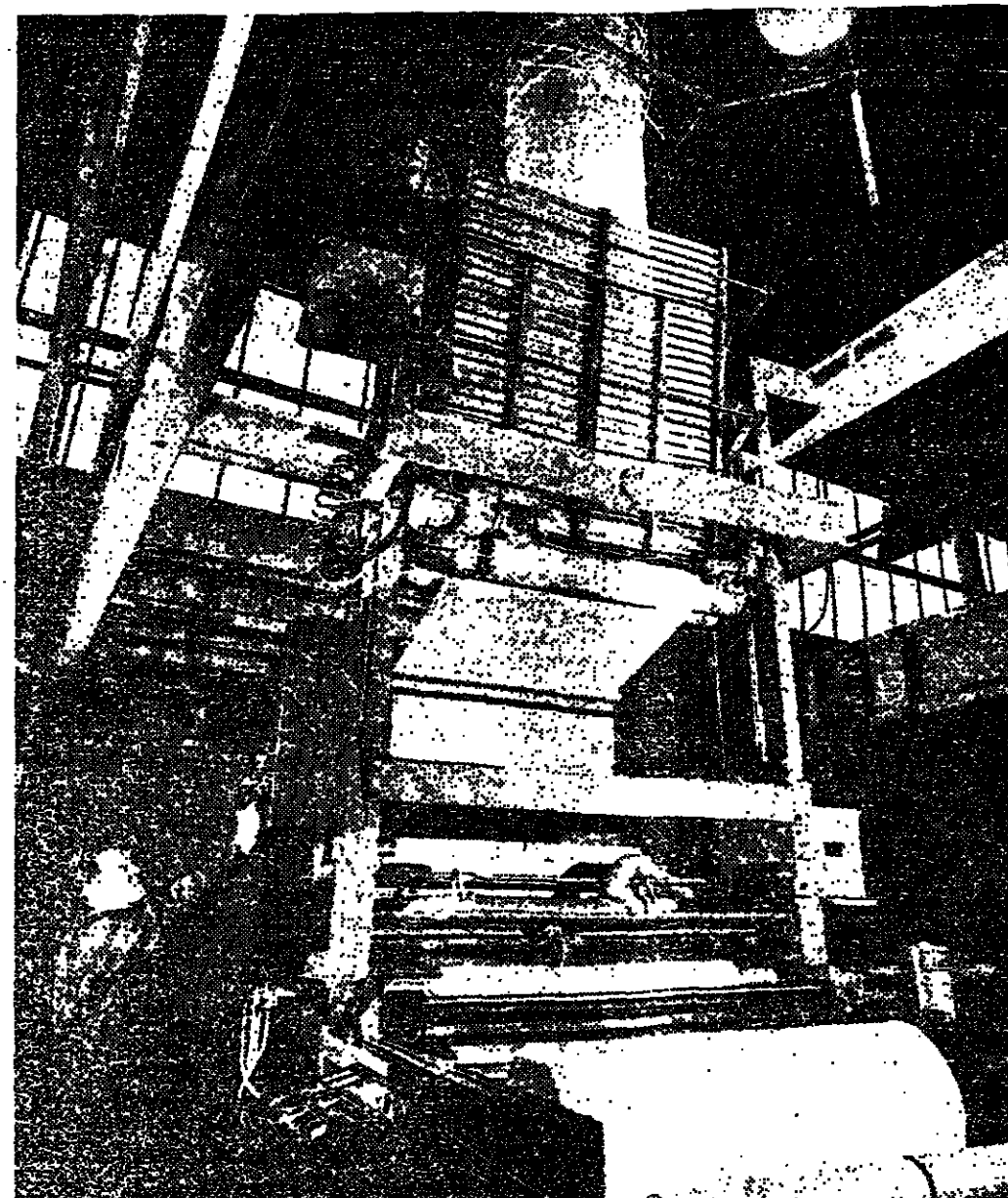
Ultronic, UDS House, 3 Jefferson Way, Thame, Oxon, OX9 3SU 084421 3131.

Distributed on Series 1

ALLIED Breweries have signed contracts worth over £1m. for 80 IBM Series/1 computers. Installation of the systems will represent a major move toward distributed data processing.

One machine at Burton-on-Trent, delivered in the latter part of 1977, has been used to develop a pilot order-entry and load distribution system and for 60 depots. Other Allied companies using manual order processing methods are expected to adopt the distributed processing approach using Series/1. In addition, the distribution based systems, accounting systems will be developed using a PL/1 compiler.

More from Allied on 0253 45320.



This £300,000 Windmoeller and Holcher extruder has been installed at A. J. Bingley's factory in Bristol. It is capable of producing a web of high-density polyethylene film 1.6 metres wide. Both single-wound or tubed polyethylene sheet can be produced for bag-making. Bingley says it is now able to produce up to 2bn. bags a year.

COMMUNICATIONS

Euronet charges fixed

POST Office has outlined the charge structure for use of the Euronet packet-switched data transmission network being set up for the EEC.

Planned to come into operation early in 1979, the network will give terminal access throughout the Common Market to a number of scientific, technical and socio-economic data bases. It will initially be a private network but is expected eventually to form the basis of a western European public packet-switched data transmission network.

U.K. subscribers will work through the London packet exchange of the Post Office's system which is now about half-way through a two-year experimental period.

For Euronet most customers will dial, but private lines will also be available for large users. Character terminals (1200 bits/sec) or packet terminals (up to 48k bits/sec) will be employed, with packet assembly in the former case taking place at the packet switching exchange.

There are three Post Office elements to the tariff: a usage charge linked to the volume of data exchanged and to call duration, an annual rental dependent on the form of access, and a single payment connection charge.

The charges are not related to distance, a policy that will continue even when the scheme is turned into a European public packet network. There might, however, be a post data-base charge.

The volume charge is £2.30 per Megabit, the duration charge per hour ranging from £1.35 (1200 bits/sec) up to £3.60 (48k bits/sec). Dial-up customers will use the appropriate Data service and will also be charged at the relevant rate for a call to London and an annual rental of £20.

Customers using private circuits will be charged the normal rates for the circuit and modem in addition to a single payment charge of £150 and an annual rental between £300 (300 bits/sec) and £3,000 (48k bits/sec).

More from Post Office International Customer Services on 01-606 8716.

SERVICES

Cutting the cost of computing

DATA PREPARATION services have been added to the list of facilities available from Centre-File, the computer bureau subsidiary operated by National Westminster Bank.

Centre-File (Data Preparation) has been set up at Romford, Essex with a dual 51 keystation Redifon key-to-disc data capture unit and the company has recruited 70 staff, including keyboard operators.

The Romford centre will take over all other data preparation work now being carried out by the company, including the 55-60 per cent. of internal jobs. Eventually, however, it is expected that outside work will rise to some 60 per cent. of the centre's loading.

The bureau management will be offering the service to computer users who have no data capture facility of their own but also to those who are spending around £50,000 on such work in house since Centre-File believes it can halve their costs.

More from Enterprise House, 16 Eastern Road, Romford, Essex. Romford 25535.

ENERGY

Plug-in air supply

TO SIMPLIFY factory air supplies and eliminate the need for an air receiver, Hydrovane has developed an electrically driven compressor with an integral control panel, aftercooler, and water separator.

The unit is tripod mounted, and when plugged in to a three-phase supply and connected to the factory air line, provides compressed air as required, at 100 per square inch. Six units are available, from 3 hp delivering 11.4 cfm to 25 hp giving 95 cfm.

Details from Hydrovane Compressor Company, Claybrook Drive, Washford Industrial Estate, Redditch, Worcs. B98 0DS (0527 25522), a CompAir Group company.

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POLLUTION

Cuts waste charges

ADDITION of a fourth storage chamber to which petrol and oil accumulate in three interceptors has transferred periodic skimming pipework to the use of simply operated skimming devices, overcomes the two main disadvantages of the traditional interceptor, that is, the need for periodic emptying by vacuum tanker and the risk of flushing considerable quantities of petrol and oil out of the interceptor at times of storm flows.

In addition to the increased efficiency achieved, a significant reduction in operating costs is made in view of the charges levied by waste contractors for emptying interceptors.

The Hibbing interceptor is moulded from high-quality

SECURITY

Seals for containers

FOR SECURITY risks such as containers, trucks, and warehouses, normally secured with a locking bar and padlock. Seals: fast Security Devices has developed a "one time use" identity logo and a seven digit serial number.

The company has also developed a replacement for the lead seal traditionally used on the cable of the locking bar. This is a one-piece, two sectional seal, made of polypropylene moulded in various colours, and incorporating name, number, etc. The wire-to-be sealed is wound round an arrow into the second section. This completely encapsulates the arrow and the twisted wire, which is impossible to remove without destroying the seal.

More from the maker at Powerscroft Road, Sidcup, Kent. DA14 5EF (01-300 7881).

PROCESSING

Swiss watch quartz move

WITH the clear intention of vibrations to within five parts per million—carried out with laser beams and takes only two seconds in comparison with about 45 seconds using mechanical methods.

The new plant for the crystals, at Grenchen, will also yield a second source arrangement with the fundamental timing element in electronic watches (the quartz crystal), cheaply, quickly and accurately.

ASUAG owns the big Ebauches organisation and brands such as Longines, Eterna and Rotary. Ebauches is the prime mover in the deal.

In the new production process the quartz crystals are etched out chemically from basic quartz material instead of being ground out mechanically as in most current processes.

Tuning of the crystal—exact quartz crystal and the micro-trimming to size to produce circuit "in one tiny package."

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Llanfyllter, Porthcawl,
Mid Glam. Tel. (0443) 223000

MATERIALS

Protects from fire

APPLIED BY spray gun, a coating has been developed which when used on structural steel work is claimed to provide 1 hour and one hour fire resistance.

Called "Therm-O", the material can be used to protect timber, concrete, or plaster, walls and floors. Available in white or coloured, it is applied as a 500 micron thick coat, and is stated to be durable, rust-inhibiting and resistant to mechanical impact while with an additional special top-coat it can also be made to repel condensation. The finish is slightly textured.

When exposed to fire or high temperatures, chemical reactions take place which cause the material to intumesce or foam, producing an insulating carbon layer.

Details from the maker, Fireguard, 32 Muswell Hill, London N10 3TA (01-883 0139).

INSTRUMENTS

Suitcase gas check

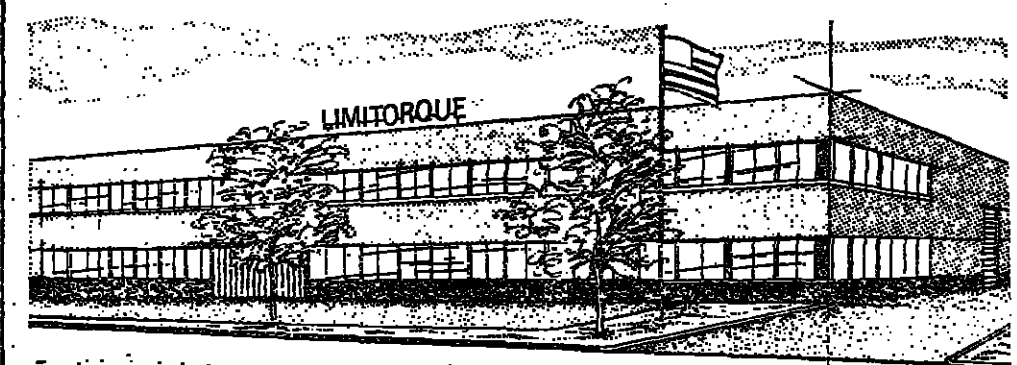
SELF-CONTAINED in a light weight but robust suitcase measuring only 427 x 324 x 103mm, gas monitor 9509 from George Kent Electronic Products makes use of a katharometer detector.

This responds non-specifically to changes in the thermal conductivity of the measured gas stream: each analyser is calibrated for a particular gas mixture, a moving coil meter showing the percentage of gas in the mixture. Each unit is calibrated at the time of manufacture against precisely prepared gas mixtures, and some 300 choices are available.

Connections to the gas source are through a 6mm bore neoprene tube and a similar outlet allows the gas to be safely vented to the atmosphere or returned to the process from which it was obtained. Between the two, a pump, via a disposable micropore filter, passes gas into the katharometer block where the ratio between the two gases in the mixture specifically alters the balance of two platinum filament arms in the Wheatstone bridge.

More from 4 Rosemary Lane, Cambridge CB1 3LQ (0223 49121).

Limitorque in Europe



an important message for engineers in the petro-chemical, power generation and water treatment industries

LIMITORQUE Corporation, the world's leading maker of valve controls for refineries and power stations, has established its first wholly-owned manufacturing facility outside the United States.

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FINANCIAL TIMES INDUSTRIAL ARCHITECTURE AWARD 1978

Applications are now invited for the 1978 award for an outstanding work of industrial architecture in the United Kingdom. This is the twelfth year of the award, which has proved a notable success, attracting over 700 entries for judgement in that time.

Entries
The award is open to all designers of industrial buildings, both within the architectural profession and outside it. Nominations of buildings together with the necessary particulars, must be received not later than May 5, 1978.

Conditions
Nominated buildings must have been completed within the two years ending December 31, 1977. A building may be nominated (subject to the time limitation) on two successive years.

Nomination Forms
together with all particulars and conditions can be obtained directly from the Financial Times.

The award will be announced on December 1, 1978.

Please send me a nomination form and further details of the Industrial Architecture Award.

Name _____

Address _____

Post to:
Financial Times
Industrial Architecture Award
Bracken House
10 Cannon Street
London EC4A 3DF

The Management Page

EDITED BY CHRISTOPHER LORENZ

Casting a singular mould in the foundry industry

AND INDUSTRIES has a resilience as tough and durable as its own grey iron castings since it emerged from the most disastrous merger in the Repton Foundry group in 1969. From losses of more than £200,000 just six years ago, the group has been turned into such an extent that its accounts showed profits for the first time in a time when life has been so easy for foundries—particularly for those supplying the car industry and heavy engineering—Midland has had an annual 38 per cent growth over the past four and 84 per cent over five. Only once during that time has growth fallen below 10 per cent.

The group has embarked on heavy investment programme which will cost it £6m. But this should not be a balance-sheet which does not last year of £60, less than a fifth of the group's funds of £3.5m. and says it should be able to finance the modernisation of its foundries at its improved cash-flow.

ton, a small private company, owned by the and family, made a takeover of Midland, an equally small public company. Yet within years the merger appeared heading for disaster. In the group reported a 15 per cent loss of £200,000 while earnings of £2.2m. were more than double shareholders'.

Arnold Goldsbrough, vice-chairman and head of foundry division since 1969, says: "Following the merger we had become top with head office management. The chain of command was too long and inefficient, too much time was being

wasted on empire building, office politics, meaningless paperwork and administration and not enough time was being spent on running the business.

"The management structure had taken on the appearance of the classic inverted pyramid and the year when we made our loss was when all our chickens came home to roost."

A major management reshuffle under Mr. Goldsbrough followed the loss. A number of senior

number of individual manufacturers, was not the ideal customer if the group was to maintain sustained growth," says Mr. Goldsbrough.

"By spreading our interests into other areas (with a wider choice of individual customers) and the year when we made our loss was when all our chickens came home to roost."

—during the intervening years U.K. annual car production has fallen from 1.9m. vehicles to 1.3m.

Castings produced by the group's foundries now range from practice bombs for the Ministry of Defence through to tractor components. An important development has been the increase in castings supplied to diesel engine manufacturers (which are fast recovering from the set-back they received after

pening in the current year," says Mr. Goldsbrough.

The group has also spread its business among a number of tractor manufacturers so it was able to shrug off the effects of a long strike at Massey-Ferguson last year.

Equally significant is that Midland believes it has developed a much more efficient management structure based on small tight-knit divisions which operate with a minimum of central control.

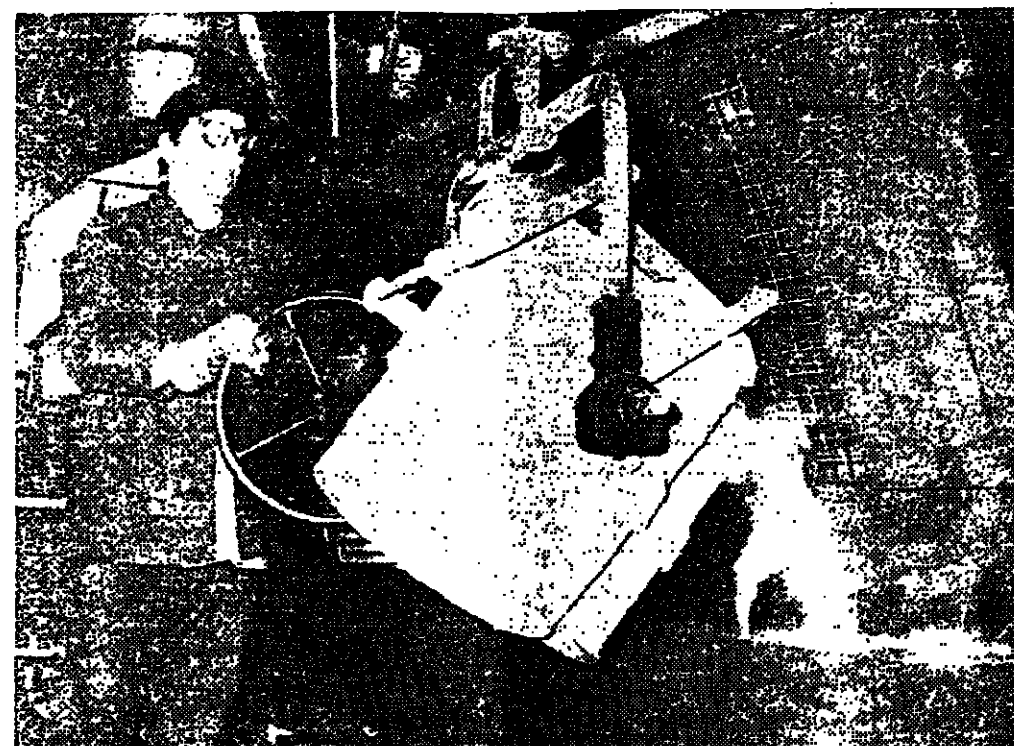
To-day there are only five people working from the group head office in Wolverhampton—compared with the 50 or 60 people who operated out of Wolverhampton in the early 1970s—while Mr. Goldsbrough runs the foundry division, which produced almost 80 per cent of profits last year, from the group's largest foundry at Bingley, Yorkshire.

"I was requested to move to the Wolverhampton headquarters after the merger but I have always believed that it is important for management to be where the action is and not sit in some land of ivory tower, miles away from where the real decisions have to be made," says Mr. Goldsbrough.

"We have tried to aim at a kind of loose federation within the group with as much local autonomy as possible—so that the man on the spot is not frightened of taking decisions, and if necessary, corrective action can be taken immediately without going through a convoluted chain of command."

It is indicative of the group's approach that its Bingley plant—which produced two-thirds of all castings last year—has an official sub-station of one.

"All the managers here are salesmen," says Mr. Goldsbrough. "We can all go out and get orders and if there are



Casting at one of Midland Industries' foundries in Birmingham.

any problems then I expect customers to ring straight through to me or any of the senior managers so that there is no time lag while memos are written before action is taken."

The group appears to enjoy good labour relations. The Bingley plant operates a two shift system (which the group says is very unusual for the foundry industry) and has had only one serious strike in the last six years. This involved maintenance engineers but did not halt production.

Midland believes that its workers' attitudes are moulded by a piecework system of payments which prevails in the foundry industry. "We provide bonus payments when output targets are exceeded and most workers should be able to earn at least £100 (gross) a week. We find that the workers themselves quickly sort out any shirkers," says Mr. Goldsbrough.

"Motivation is terribly important. I believe strongly in an entrepreneurial approach to business and try to persuade everybody at the company to regard themselves as 'self-employed,' only getting out of the job what they have put into it. It might all sound naive but it has been a successful management formula for this group—and at a difficult time for the foundry industry."

Underlining the successful way in which Midland has emerged from its difficult times is the fact that it has recently spent £2m. modernising its foundries and plans to spend a further £3m. to £4m. by 1980— even though the Government has turned down the group's latest application for an £800,000 grant under the foundry aid scheme.

The investment is needed to lift the group's output of castings from 60,000 tonnes a week to 100,000 tonnes a week over the next three years. Mr. Goldsbrough says "We are very dis-

appointed with the Government's reaction. It would seem that other lame-duck operations have been given money when our application based on sound and consistent profit growth has been turned down—but with or without Government help we shall go ahead with this expenditure."

Mr. Goldsbrough does not see the group trying to extend castings output beyond 100,000 tonnes a week. "It's a sensible ceiling for a group this size. Once you go beyond this kind of target then you start to get all the old management problems that size brings with it; while you would probably have to grow much larger before the economies of scale start to work through."

"I believe that once we have reached this target then we will have reached a sensible limit for organic growth—without losing management efficiency—and so we will start looking around for other fields to invest in."

A management reshuffle, coupled with a programme of diversification, has enabled Midland Industries to recover from an almost disastrous merger in 1969. The group has now embarked on a £6m. investment plan. Andrew Taylor reports.

personnel left ("those not directly attributable to the money-making process") while head office staff was drastically reduced; greater emphasis was placed on divisional management and local autonomy, in place of an "unwieldy centralised management structure."

Under the new management team, the group closed its loss making Belgian subsidiary and also a Scottish foundry which, it was decided, would not fit in with Midland's plans to increase its range of castings and reduce its dependence on a volatile car industry.

"We felt that it was unwise to have too many of our eggs in one basket and that the car industry, with only a very small

only have one or two major customers."

While Midland's pre-tax profits rose 34 per cent last year to £1.8m. on turnover up from £15.2m. to £19.5m., rival foundries were having a less easy time. Ley's Foundries' pre-tax profits, for example, almost halved to £1.6m. last year as two of its major customers, Massey Ferguson and British Leyland, were hit by a series of serious strikes.

Five years ago around 40 per cent of Midland's turnover was generated from castings sold to the car industry, and British Leyland was by far the group's largest customer. By last year the dependence on the car industry had been reduced to around 10 per cent of turnover

the 1973 oil crisis) while castings for industrial heating equipment are expected to have a good 1978.

The tractor industry, which generated around 40 per cent of last year's £19.5m. turnover, has taken the place of the car industry as the group's major source of business, just as Ford has overtaken British Leyland as the group's largest single customer.

"The tractor business also tends to be cyclical but we have found that the peaks and troughs have been less marked than in the car industry. Anyway, we have, hopefully, a sufficiently broad based product range to offer any flattening in demand from tractor manufacturers—which looks like hap-

Employee participation in Europe

LOYEE PARTICIPATION has grown at such a pace in Europe during the past few years that a confusing variety of statutory and voluntary arrangements have emerged in different countries.

In each case, the significance of developments cannot be understood unless they are related to the statutory and voluntary arrangements, and the practices of the different countries. It also includes diagrams to show the relationship between a company, its workers and its unions.

BOOK REVIEW BY JOHN ELLIOT

out all the relevant facts and a recent publication from Management Centre Europe helps to fulfil this need. It is a loose-bound collection of fact sheets on practices and traditions in different countries. It also includes diagrams to show the relationship between a company, its workers and its unions. It contains a special section

on profit sharing, and starts with tables showing how different countries handle single issues—such as worker directors or safety representatives.

Inevitably, however, such a publication tends to be somewhat generalised and this may sometimes lead to errors. In this case, the position of shop stewards in the British engineering industry is incorrectly attributed to the whole country, while the Bullock Report's recommendations for worker directors envisaged that such people would be elected by trade unionists in a company, not, as this publication says, appointed by unions.

Nevertheless, it is a valuable aide memoir to practices in Western Europe.

Industrial Democracy in Western Europe: by John Alan James and Ralph Coles; Management Counsellors International, Management Centre Europe, Avenue Des Arts 4, 1040 Brussels, Belgium; B.Frs.6,850.

Business books

Interactive Forecasting, by Spyros Makridakis and Steven C. Wheelwright. Holden-day Inc., San Francisco, \$25. The aim of this publication has been to rationalise the many different approaches to forecasting and to provide users of the book with a simplified and integrated approach to the subject.

Business Survival and Social Change, by John Hargreaves and Jan Dauman. Associated Business Programmes, £8.95. An analytical approach to the problems of business survival in a changing environment.

The Businessman's Guide to the Middle East, by Lillian Africano. Harper and Row, £8.95 and £2.56 (cloth cover). A country by country guide to the do's and don'ts of various cultural situations, and to ways and means of initiating negotiations. It also lists information on banks, government ministries, embassies, hotels and restaurants.

Personnel, Administration and Industrial Relations, by J. Valerie Grant and Geoff Smith. Longman. A second edition of a book in a Management Studies Series which provides general coverage of personnel management and industrial relations.

The Board and Administrative Management, by Peter W. Betts. Business Books, £8.50. The various aspects of administrative management are examined and practical ways of introducing the function are outlined, along with administrative aspects of boardroom practice and the practical implications of administrative management systems.

The Myth of Petropower, by K. Bhattacharya. Taskfield, £8.50. A study of the financial dependence of the Organisation of Petroleum Exporting Countries on the Western world, with special reference to Iran.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

For further details please ring 01-248 8000 Extn. 266

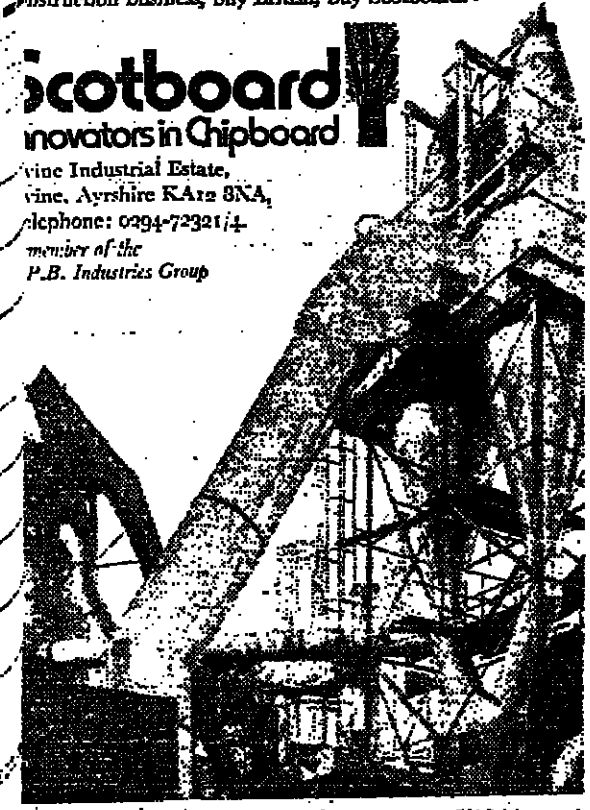
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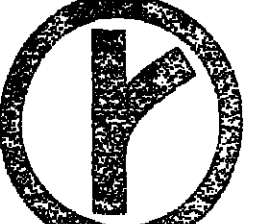
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LOMBARD

The will to manage

BY GEOFFREY OWEN

MOST PEOPLE have their own favourite explanation for the low level of productivity in the British industry. It is a complex problem and no doubt it is wrong to put too much weight on one factor at the expense of all the others. But a point which does not receive the attention it deserves is what might be called the demoralisation of management, especially factory management. It is true that the sorry plight of the works manager has been fairly well documented—his low status in relation to finance and marketing men, his poor career prospects and hence the difficulty of persuading bright young men to work in production. But the more fundamental issue to which these unfavourable circumstances relate, is the works manager's attitude to his job.

A brick wall

It is generally accepted that most factories in the U.K. suffer from a combination of over-manning, inefficient work practices and demoralisation which reduce output by perhaps 20-30 per cent. below what it could be. Many of these practices have become so deeply embedded into the manufacturing system that to dig them out requires a quiet, enduring degree of persistence, ingenuity and sheer guts from the factory manager. Faced with a brick wall of resistance from union officials and receiving little support from above or below, he may decide in effect to give up. He will run the factory conscientiously and get the products out; he may even chip away at some of the more blatant inefficiencies and so increase productivity to a small extent. But the built-in inefficiency of the system he may come to regard as given; he simply has to live with it.

It is arguable that this tendency towards despair has been increased by the developments which have taken place in recent years towards management by consent and employee participation, matched at the national level by the role of the TUC in economic and industrial policy. Everyone agrees that in principle companies should not be run in an autocratic style and that workers should be consulted about, and involved in, changes which affect their lives. But this can easily degenerate into a situation in which merely to get people to do a normal day's work requires an endless process of negotiation and cajolery. (The fact that coal miners are being paid large bonuses to perform

LONG BEFORE the calling of the 1977 Public Relations was conceived, as far as wine was concerned France's best practitioners were its kings, especially the Bourbons who attributed recovery of continuing health to such diverse wines as Bordeaux, Burgundy and Champagne. But the first of them all was Henri IV of Navarre, whose new-born lips were wiped in the chateau at Pau with garlic and moistened with the local wine of Jurançon.

The former was to assure him strength and vigour, the latter to give character and political acumen, which the Vert Galant king certainly did not lack, as his timely transfer to the Roman faith and Paris amply showed. This lip-moistening ceremony followed by the Bourbons and practised even today by the former French royal family.

Whatever the physical or psychological benefits to be gained from drinking Jurançon at birth or even somewhat later in life, there is no doubt that the wine, when well made and kept adequately, is excellent. There was never a great deal of it—grown on 1500 ha. before the phylloxera a century ago, and on a mere 600 ha. now—it always enjoyed a special reputation and even an historic export trade to northern Europe. Later, however, it had its difficulties, and did not increase its reputation after the last war by producing some very indifferent

wine, most of it dry. However, in 1950 a co-operative was formed at Gan, a few miles south of Pau, and this now numbers more than 250 members, half the total number of growers. There are only a couple of private growers who live entirely from wine; the rest also engage in other forms of agriculture or poultry keeping. The co-operative, along with an active publicity organisation, have done much to restore Jurançon's reputation, though only one-third of the output averaging 28,000 hl. is the traditional fairly sweet or moelleux type, which is certainly what Henri IV enjoyed. The dry variety was mainly introduced owing to the difficulty these days of selling sweet white wines other than the well-advertised German kinds.

Grown to the south and west of Pau in an area 50 km. long by 20 km. deep, Jurançon is basically the product of two local grapes, unique to the district: Gros and Petit Marseng, together with a few supplementary varieties, including the Courbu and the Lauzet. Both Marsengs can produce wines of considerable alcoholic strength, with the "small" type rising to 17 or 18 degrees, the strength of much sherry. This is used exclusively for the moelleux type. Even the Gros Marseng, employed for the sec kind, can go up to 14 degrees. Jurançon is not a wine to drink too

deeply in the mid-day Pailots every year. Among the best vintages recently were '70, '73, '75 and '76, though the latter two are not ready, as the wine is kept in cask for two years before bottling. Then the crop usually lasts for ten to twenty years, but are normally a point after five years.

The great virtue of Jurançon as a wine to go with food—and of course on the spot they drink

sophisticated techniques around 1876 vintage—average 900 hl. made, but the average is now made 700 hl. It is made from the local Rufiac, Gros Marseng and Courbu varieties, and sometimes with some Semillon, too. The wine has a smoky aroma and arm taste that slightly weakens one of the "cut" of wines from the Sauvignon grape. The is the dry style, but traditional Pecharenc was moelleux.

I thought the dry had more flavour than Jurançon sec, but the answer to the question is that the basic grape the Rufiac has suffered degeneration, and so the special character of the wine has been obscured.

The obvious question that reader asks—where in Britain can these wines be bought?—not easy to answer. The only British wine merchant who carries Jurançon is Madiran 74 (22.51), and perhaps lists of those firms who look for little-known wines will give a Madiran and even a Pecharenc. Otherwise the solution lies in the fact that the region itself is a fairly tannic wine country, is exceptionally dry, the food as well as the sauce of the Bérn is famous. There is, therefore, no reason to go further, but for those on the way to and from Spain—particularly those who cross the front by the central Pyrenean pass—a day or two's pause in Jurançon-Madiran area is to be recommended.

WINE

BY EDMUND PENNING-ROWSELL

case and Jurançon must be one of the latest vintages in the country. This is owing to the height of the vineyards that can rise to almost 1,000 feet above sea level. The sometimes precipitous vineyards must be cultivated entirely by hand, and the growers are lucky if they can start picking the grapes in mid-October, but the vintage starts a month later and ends in December, with snow on the vines.

The sweet type owes much to the noble rot that infects the Sauternes vines, and that depends on the right kind of warm, slightly humid autumn. So although the Bérn is accustomed to fine sunny autumns good moelleux Jurançon is not made

it well chilled as an aperitif too—is that, owing to the altitude of the vines and the acidity of the soil, it has much more acidity than Sauternes or Monbazillac. So Jurançon moelleux is not "sticky". The only list to hand that I find is that of Duchy Vintners of Turin. The sec is £2.04, and the moelleux £2.34, from one of the best growers, Barrière, is £2.48.

The "other half" of this wine area is Madiran, lying to the north-east of Pau. This is an historically famous red wine area on the left bank of the River Adour which reaches the Atlantic by Bayonne. Though the vignoble is said to date from the 4th century AD, it was known white AC wines: Pecharenc-Benedictine monks from Barthelemy Bill—though only the Jurançon-Madiran area is to be recommended.

Surgery pioneer honoured



A plaster cast of a bust of John Hunter, the founder of scientific surgery, was handed over for display to the Royal College of Surgeons yesterday by Mr. Nigel Bootham, the sculptor (right), who is to cast it in bronze. Receiving the bust on behalf of the college is its president, Mr. Reginald Murley. The college celebrates the 230th anniversary of Hunter's birth this week with a reception at its Lincoln's Inn Fields headquarters to-night attended by the Queen and the Duke of Edinburgh.

Tripartite

It is not obvious that bringing the Government in on the act makes matters any easier. There is much talk about the tripartite approach to industrial problems, taxpayers have just been informed that they will be contributing £250,000 to a campaign to publicise the objectives of the "industrial strategy" through the land. Ministers talk about productivity, but like trade union leaders, they are not so keen to associate themselves with specific measures, often awkward and painful, to root out inefficiency. The people who can initiate change are managers. Perhaps the greatest challenge for chief executives in industry is so to motivate their works managers that they set themselves the highest possible standards of performance and, despite all the obstacles, go all out to achieve them. The Government can help in the field of taxation, but it is not just financial incentives which matter. Somehow the will to manage has to be revived and strengthened; without it, no "industrial strategy" can succeed.

World record £38,000 atlas

A WORLD record price of £38,000 for an atlas was paid in London yesterday by D. Burgess at Sotheby's sale of maps and books relating to travel.

By J. Blaeu, 1667, of Amsterdam, the 12-volume atlas has a French text. It is the second edition, and the maps are illustrated with sailing ships and inset maps and plans.

The first volume of the Spanish edition of Blaeu's large atlas went to the Map House for

SALEROOM

PAMELA JUDGE

£5,800. Spink gave £4,000 for Vincenzo Maria Cornelli's three volumes on the Teatro della città e porti principali dell'Europa, Venice, 1697.

W. and J. Blaeu's Theatrum orbis terrarum terra pars was bought for £2,600 by Schuster, Kent, and the Map House was successful at £2,400 for an early 18th-century "ancient and modern" atlas by Henri Abraham Chatelet.

Total for the sale was £106,309. Highest price in Sotheby's £126,173 sale of icons was £13,500 from Asia, London. The large panel, probably Moscow, late 17th century, represents the Resurrection.

An anonymous buyer bought a pre-concatenated encaustic icon for £8,000, a large biographical icon of St. Nicholas (Moscow, early 16th century) for £5,600, and a pair of royal doors painted with St. Basil and St. John Chrysostom for £5,000.

Silhouettes, English and Continental, miniatures and objects mounted to £20,400. A signed miniature by Benjamin Arlaud dated 1703 fetched £980 (Fry). Graus Antiques gave £920 for a gold and enamel memorandum form of a Buddha's hand. From



The cover of the first part of Blaeu's atlas of Asia and China. The 12 volumes were sold for £38,000 in London yesterday.

case in book form by Julien Berthe, Paris. Back in London yesterday, old Chinese and 19th and 20th century prints auctioned by Sotheby Parke Bernet made £258,977.

An Edward Munch lithograph went for £21,907 and a Rogault series of aquatints printed by Jacquemin for Volland fetched £10,825. English furniture sold in New York on Saturday amounted to £25,850.

Back in London yesterday, an anonymous bidder gave £5,000 at Christie's for a greyish-white jade carving of a finger citron in the gold and enamel memorandum form of a Buddha's hand. From

Racing hit

Yesterday's racing at this side and Wolverhampton was cancelled because of wet conditions. Today's cards at Warwick and Carlisle are also off. A decision regarding tomorrow's Ascot meeting will be made after an inspection today.

MARIE CURIE

A living tribute to the great physicist, Madame Curie, will be given by the Marie Curie Society, which is holding a fund-raising concert at the Royal Albert Hall on Wednesday, February 22, 8.15 p.m. Tickets are £5, £3, £2, £1, 50p, 25p, 10p, 5p, 2p, 1p. The concert will be given by the Marie Curie Society, which is holding a fund-raising concert at the Royal Albert Hall on Wednesday, February 22, 8.15 p.m. Tickets are £5, £3, £2, £1, 50p, 25p, 10p, 5p, 2p, 1p.

New York school museum given cathedral stone

STONE REMOVED from the window, the central feature of the famous Norman west front of the cathedral founded since 1080 is being sent to a museum of historic stones in New York City this week. The move comes after Mr. Thomas S. Straczynski, a teacher of social studies at St. Bartholomew's School, Elmhurst, in the New York borough of Queens, wrote to the dean, the Very Rev. Oliver Fiennes, asking for an exhibit for the school museum. The dean will deliver the stone to the base of the window on Thursday.

FINANCIAL TIMES

Telex: Editorial 88641/7, 88387, 88388, 88389, 88390, 88391, 88392, 88393, 88394, 88395, 88396, 88397, 88398, 88399, 88400, 88401, 88402, 88403, 88404, 88405, 88406, 88407, 88408, 88409, 88410, 88411, 88412, 88413, 88414, 88415, 88416, 88417, 88418, 88419, 88420, 88421, 88422, 88423, 88424, 88425, 88426, 88427, 88428, 88429, 88430, 88431, 88432, 88433, 88434, 88435, 88436, 88437, 88438, 88439, 88440, 88441, 88442, 88443, 88444, 88445, 88446, 88447, 88448, 88449, 88450, 88451, 88452, 88453, 88454, 88455, 88456, 88457, 88458, 88459, 88460, 88461, 88462, 88463, 88464, 88465, 88466, 88467, 88468, 88469, 88470, 88471, 88472, 88473, 88474, 88475, 88476, 88477, 88478, 88479, 88480, 88481, 88482, 88483, 88484, 88485, 88486, 88487, 88488, 88489, 88490, 88491, 88492, 88493, 88494, 88495, 88496, 88497, 88498, 88499, 88500, 88501, 88502, 88503, 88504, 88505, 88506, 88507, 88508, 88509, 88510, 88511, 88512, 88513, 88514, 88515, 88516, 88517, 88518, 88519, 88520, 88521, 88522, 88523, 88524, 88525, 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COMPANY NEWS+COMMENT

Nottingham Manuf. £3.75m. ahead to £15m.

INCLUDING A £1.37m. profit on the disposal of investments the pre-tax surplus of Nottingham Manufacturing Co. climbed from £11.27m. to a record £13.02m. in the year to December 31, 1977.

Turnover in the year rose £24.15m. to £128.39m., and the result is after a £1.85m. (£1.85m.) contribution from investment income and payment of loan stock interest of £896,000 (£717,000). At half-way profit was £4.54m. (£3.57m.).

After tax of £4.52m. (£3.26m.) net profit for the year is £10.5m. (£8.01m.). Earnings per share are shown at 20.24p (15.45p) basic, and fully diluted at 18.19p against 15.99p.

The dividend total is lifted from 2.9043p to 3.24375p with a final of 2.531875p net per 23p share.

The group manufactures knitted outerwear, hosiery, etc., and tufted carpets.

	1977	1976
Turnover	128,390	104,241
Trading profit	13,020	12,117
Depreciation	5,112	5,262
Inv. income	1,352	1,352
Profit on sale of inv.	1,571	217
Interest	1,099	1,099
Pre-tax profit	15,052	11,246
Tax	1,901	6,010
Net profit	13,151	5,236
Dividends	1,662	1,366
Surplus	11,489	3,870
Reserves	8,572	6,377
Minority	151	151
Minority	151	151

On consolidation of loan capital.

Record for Plastic Construct.

AFTER INCREASING from £103,493 to £214,211 at half-way, pre-tax profit of Plastic Construct has ended the September 30, 1977, year ahead from £104,858 to a peak £103,149. A one-for-one scrip issue is also announced.

Turnover in the period rose £1.35m. to £3.09m. and after tax of £273,496 (£214,035) net profit comes out at £239,713 compared with £190,190.

Earnings per share are given at 9.73p (8.09p) and the final dividend is up from 2.48p to 2.77p, taking the total to 4.15p per 10p share against 3.71p last time.

Directors say that turnover for the first quarter of the current year is ahead of last year's level, and the order book is at a healthy level.

Improved manufacturing facilities at Birmingham and an additional manufacturing unit in the north-east are among measures being taken to meet increased demand.

	1977-78	1976-77
Turnover	3,092,400	1,742,240
Profit before tax	503,149	404,858
Tax	273,496	214,035
Net profit	239,713	190,190
Minority credits	227	1,847
Dividends	49,250	85,853
Reserves	160,206	128,134

After waivers of £28,810 (£28,775).

HIGHLIGHTS

Nottingham Manufacturing's full year figures, showing profits up from £11.3m. to £13m., are in line with market expectations, and reaffirm the group's steady progress. Lex also takes a look at the implications of Glynwed's South African subsidiary merging with part of South African General Electric. On the results of front buoyant figures from Ladies Pride pushed the shares up to a new 1977-78 high, while Glass and Metal's results show a steady upward trend. Manchester Ship's results were far from exciting with profits down by nearly half after substantial dredging costs, strikes and lower volume.

Manchester Ship Canal slumps

ALTHOUGH operating revenue of Manchester Ship Canal Co. improved from £21.48m. to £23.34m. taxable earnings slumped from £4.03m. to £2.12m. for 1977. At half-way, when profit was down £1.12m. to £1.13m., the directors said that the decline, above all, reflected the greatly increased cost of dredging the company's approach channel in the River Mersey where Siting, which is cyclical, has occurred at a substantial rate. It was necessary to dredge one part continuously, they said.

Tax for the year was lower at £1.03m. (£1.93m.) and net profit improved at £1.07m. (£2.1m.). Stated earnings per £1 share came out more than halved at 24.6p (52.2p) and the net total dividend is stepped up to 13.564p (14.049p) with a final of 9.049p.

At year end, general reserves were higher at £10.23m. (£9.95m.).

Operating revenue ... 23,340
Operating profit ... 1,130
Loan & investment income ... 1,177
Less sales surplus ... 61
Exceptional items ... 35
Interest charges ... 2,120
Tax ... 1,031
Net profit ... 1,069
Dividend ... 90
Preference dividends ... 149
Ordinary dividends ... 35
Retained ... 279

For redemption of loan capital.

Manchester Ship Canal's pre-tax profits slumped by 47 per cent. last year as the group was hit by substantial dredging costs, industrial disputes and very flat trading conditions. The cost of dredging the group's approach route in the Mersey Estuary rose by 78 per cent. last year wiping around £2.5m. off profits and work is still being done on the channel, although the group hopes that costs will be nowhere near as heavy in the current year. Meanwhile industrial disputes completely closed the Port of Manchester for two weeks in the

second half, while parts of the port were closed for even longer by another dispute involving locksmen. The volume of toll paying traffic using the port fell by 7.7 per cent. last year as oil tankers fell away sharply and trading conditions remain flat, with the world still in a substantial oil surplus. But a yield of 11.8 per cent. at 298p, with a dividend covered 1.1 times, looks attractive despite unexciting trading prospects. The p/e is 8.1 and the constant threat of nationalisation — although discussed in the short-term — cannot have helped the rating.

Upsurge by Press Tools

THE SHARPLY improved profit trend achieved by Press Tools in the second half of 1977-78 has carried through into the first six months of the current year.

Mr. M. B. Barber, chairman, says that the group has the orders and the facilities to produce record figures for 1977-78.

£1.02m. from Ladies Pride

PRE-TAX profit of Ladies Pride Outerwear expanded from £308,000 to a record £1,020,000, on sales £1.18m. ahead at £3.84m. for the year to November 30, 1977. At half-time, when the surplus was up at £411,210, against £242,736, the directors were confident of the group continuing its progress.

Now the directors say they have an excellent order book for the spring garments and all factories are fully employed meeting this demand.

Earnings per 20p share are shown at 10.55p (8.21p) and the net total dividend is raised to 2.32p (2.13p equivalent) with a final of 1.36p. A further one-for-five scrip issue is proposed.

Tax took £330,000 (£427,000) leaving net profit at £490,000 (£381,000).

comment

Thanks to more buoyant exports, full year profits of Ladies Pride — up 26 per cent. — were better than expected and the shares jumped up to a 1977-78 high of 30p. While the home market for the company's fashion outerwear remains static, the weak pound gave an edge to overseas prices and volume expanded by an impressive 38 per cent. in cash terms exports jumped around 34 per cent. to almost a quarter of group sales, compared with a

fifth in the previous year. However, continuing growth in these markets will be difficult to achieve if sterling gets much stronger, a factor which will also eliminate last year's currency gains of 553,000. The gross wages bill is about 15 per cent. higher — this includes pay rises of about nine per cent. with the balance being accounted for by a return to a piece-rate wage structure which, the company says, has resulted in a 10 per cent. saving in unit costs through higher productivity. Meanwhile liquid funds are building up (£0.38m. at November 1977) and the company is searching for acquisitions. The shares are on a p/e of 4.8 while the yield of 7.3 per cent. is covered around three times.

Expansion by Press Tools

Expansion of operations in Australia is continuing. Homfray has recently purchased a small commission dyeing plant and in 1978 will be installing a new upstitching and heat setting plants will be installed.

Its German subsidiary Homfray Carpets (Deutschland) is now registering substantial sales after its high setting up costs.

In 1977 Homfray increased its U.K. market share and the carpet operations were restructured with all manufacturing and selling operations in one subsidiary.

The group has also just brought into use the first polyurethane cushion backing plant in the U.K., after nine months of development work with Ilex Chemical Co. of the U.S. Mr. Gillingham says the new type of cushion backing will be a major breakthrough.

In the year there was an overall £1.14m. decrease in working capital compared with a £1.36m. increase previously. Net current assets declined from £1.34m. to £1.03m., with bank loans and overdrafts up from £2.32m. to £2.05m.

Meeting, Halifax, March 8 at noon.

Winding-up orders

Orders for the compulsory winding up of 34 companies were made by Mr. Justice Slade in the High Court yesterday.

They were: Cellocast (Working), Lion and Unicorn, Top Grade Dis-

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. for dividend	Total for year	Total last year
Richpops Plat. 2nd Int.	23	April 3	2.75	3.03	2.75
Glass & Metal	3.03	April 4	2.75	3.03	2.75
Impala Platinum 2nd Int.	20	—	10	30	20
Ladies Pride	1.36	—	1.39	2.32	1.39
Ariel Industries	0.84	April 10	0.73	1.56	1.40
Manitex	0.06	July 3	2.08	3.24	2.9
Nottingham Manuf.	2.23	—	2.47	4.15	3.72
Plastic Construct.	2.77	—	0.58	1.53	1.53
Press Tools	0.88	April 7	1.43	2.2	1.95
Scottish Western	0.7	April 29	0.8	1.5	1.5
Western Canada	4	Mar. 20	4	16	16

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or accumulation issues. ‡ Additional 0.009p for 1977/78.

§ South African cents throughout. † 40c (30c) running total. ‡ 40c (30c) running total.

(3c) running total.

Impala scents recovery

KENNETH MARSTON, MINING EDITOR

PS the most telling argument for those who view the sudden drop in the price of the platinum market as a sign of recovery is the fact that the price of the metal has fallen from a peak of \$1,200 an ounce in the early 1970s to a low of \$400 in 1976. This has led to a massive increase in the amount of platinum being mined, and the market is now flooded with the metal. The price has fallen from a peak of \$1,200 an ounce in the early 1970s to a low of \$400 in 1976. This has led to a massive increase in the amount of platinum being mined, and the market is now flooded with the metal. The price has fallen from a peak of \$1,200 an ounce in the early 1970s to a low of \$400 in 1976. This has led to a massive increase in the amount of platinum being mined, and the market is now flooded with the metal.

Babcock to have 75% of new boilermaking group

BY MAX WILKINSON

AGREEMENT now appears to be near on the terms for a merger of the large boilermaking interests of Babcock and Wilcox and Northern Engineering Industries. The merger would create a new company, which would be 75% owned by Babcock and Wilcox and 25% by Northern Engineering Industries.

Phelps Dodge profits fall

LOW prices for copper coupled with a mid-year slump at some of its copper operations are reflected in lower 1977 earnings of Phelps Dodge. The company's profits fell by 10% to \$1.2 billion, compared with \$1.3 billion in 1976.

Malayan Tin's good output

A NOTABLY good showing in the January tin concentrate outputs of the Malayan Mining Corporation is made by Malayan Tin. Even so, Malayan's production for the past seven months of the current financial year still lags at 4,498 tonnes against 1,988 tonnes in the same period of 1976-77.

Hang seeks NJONG STAKE

Malaysian tin-producing Consolidated has offered to acquire a 20% stake in the company. The offer is being made by Hang Seng, a Hong Kong-based company.

Western Canada Earnings Higher

Gross revenue of Western Canada Investment Co. was up from \$53,241 to \$75,335 for the half-year to December 31, 1977, and earnings per 25p share rose from 2.1p to 2.3p.

Large assistance

Bank of England Minimum lending rate 6 1/2 per cent. (since January 6, 1978). A 10-day credit was in short supply in the London money market yesterday, and the authorities a large amount of assistance in the form of Treasury bills from the market.

BIDS AND DEALS

BOARD MEETINGS

The following companies have notified their shareholders of board meetings: **British Overseas Airways Corp.** (Feb. 15), **British Petroleum** (Feb. 15), **British Telecommunications** (Feb. 15), **British United Assurance** (Feb. 15), **British United Assurance** (Feb. 15), **British United Assurance** (Feb. 15).

PHILIPS BUYS MORE ELECTRONIC RENTALS

Philips Electronic and Associated Industries acquired further shares in Electronic Rentals, increasing its stake from 30.08 per cent. to 31.27 per cent.

REDIFFUSION

Rediffusion has purchased the television rental contracts of Rediffusion Rentals of Bletchley and Wyatts Radio and TV of Reading.

EPICURE/SLEA

The Board of Epicure Holdings announces that, following the completion of the official list of the capital, all conditions relating to the acquisition of Slea Holdings have now been satisfied.

GRAFF OFFER WILL NOT BE RAISED

The saga of Graff Diamonds is drawing to a close. In the document by Graff Diamonds, the company is offering to raise the price of its shares from 14p to 15p.

GREATER LONDON & ESSEX NEWS

Greater London and Essex Newspapers announces that Ray Tindle of Farnham Castle Newspapers has acquired a shareholding in the company together with an option on a further shareholding, following a share repurchase.

ASSOCIATE DEALS

On February 10, S. G. Warburg sold on behalf of an associate 15,000 Incheape Ordinary £1 Shares at 55p.

SHARE STAKES

General Investors and Trustees (London and Manchester Assurance) holds 1,303,375 Ordinary shares (84.7 per cent.).

THE CHARTER TRUST & AGENCY LIMITED

Extracts from the Report and Accounts for the year ended 30th November 1977

Confusion at Marshall's

By tomorrow shareholders of Marshall's Universal should know whether there is a hidden proposal to put up £7.9m for an undefined minority stake in their company. At present, there is a distinct air of confusion about the partial offer which was contained in a letter from Mr. David Maltz last week, but Mr. Roger Doughty, Marshall's chairman, is expecting to hear from Mr. Maltz some time today.

PROV. LAUNDRIES AND LANCASTER

The Boards of Provincial Laundries and D. M. Lancaster have now resolved a number of outstanding matters, and the merger of the two companies will now go ahead.

AIRCO & BOC FACE NEW LAWSUIT

A new shareholders' lawsuit was filed yesterday against Airco Inc. and BOC International in connection with the recent BOC effort to take over Airco.

90p FOR TREMLETT'S LOAN STOCK

Freelands Investment N.V. is making an unconditional offer of 90p per £1 nominal of Tremlett's Holdings 10 per cent. unsecured loan stock.

BURCO DEAN

Notable progress in a difficult year

Summary of Results	1977	1976
Turnover	£24,312	£17,866
Profit before taxation	1,102	523
Profit after taxation	655	589
Earnings per share	10.26p	9.21p
Dividend per share	3.72p	3.33p

Points from the Chairman's Review:

- Investment programme of earlier years an aid to improvement in profitability.
- Turnover increased by 36%.
- Dividend, the maximum permitted, covered 2.76 times.
- Best ever year for Eastham kitchen furniture both in turnover and profitability. Market share increased.
- Steady growth for industrial engineering division.

OUTLOOK "We expect to achieve steady progress and already in the first quarter of the Group's new year further improvement has been secured in both turnover and profit. We feel that our policies are right and that the strong financial control in the companies of the Group which has been comprehensively tightened will enable our expansion and investment to continue with very little increase in the total borrowing."

Lord Hewlett, Chairman.

The Annual General Meeting will be held at 12 noon on the 21st February at the Great Eastern Hotel, Liverpool Street, London EC2

Burco Dean Limited, Accrington Road, Burnley, Lancs. BB11 5DS

Eastham · Eastham Burco · Eastham Maxol

INVESTORS CAPITAL TRUST LIMITED

Annual Report for the year to 30th November 1977

	1977	1976
Valuation of Investments	£78,720,000	£70,509,000
Net Assets per 25p share	95.4p	83.3p
Gross Revenue	£3,273,500	£2,622,500
Dividend	1.65p	1.20p

Assets attributable to Ordinary Shareholders rose 15 per cent in the year. Net asset value per Ordinary Share is close to the highest recorded in the history of the Company and has more than doubled since November 1974 which was the end of the year in which the Company changed its name and adopted revised investment policies. The gain achieved over these past three years exceeds the extraordinary rise in the cost of living over the same period and so the real value of the assets has been effectively maintained.

Earnings per Share for the past year have risen by 46 per cent and the Directors recommend the payment of a final dividend of 1.05p. The total of 1.65p will be the highest net dividend paid to Shareholders for any one year and represents an increase of 37.5 per cent over the distribution for the previous year. In the coming year a further rise in earnings is expected giving scope for a higher dividend to shareholders.

In his annual Statement the Chairman expresses disappointment.

Copies of the Report may be obtained from the Secretary

INVESTORS CAPITAL TRUST LIMITED

9 CHARLOTTE SQUARE, EDINBURGH EH2 4DY

A member of The Association of Investment Trust Companies

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Steyr-Daimler-Puch raising \$13m.

BY PAUL LENDYAI

STEYR-DAIMLER-PUCH, the Austrian motor company, is increasing its capital by \$13m. (Sch. 10.5bn.) by way of a 1-for-25 bonus issue at 160 per cent. Holders of option certificates from the Steyr 1972 bond issue can acquire on a 1-for-25 basis at the same price new shares which rank for dividend as of January 1978. Lists are open from Feb. 13 to 23.

In anticipation of the capital increase and the reports about good business results recorded last year, there has been a demand for Steyr shares which last week gained four points on the Vienna bourse. The decision to raise new capital was already taken last summer. As a result of the liquidity squeeze, however, the company has had to postpone its rights issue.

Steyr last year reported a total turnover of Sch. 14.1bn. (\$931m.), up by 9 per cent. on the results reached in 1976. Excluding foreign subsidiaries, parent company sales totalled Sch. 10.5bn., about the same as a year earlier. Exports accounted for 37 per cent. of the aggregate turnover. The company has a production staff of 16,700.

It is estimated that the cash flow last year reached about 10 per cent. of the turnover. Sales this year are expected to rise by 10 per cent.

One of the largest companies in Austria with the number one bank, Creditanstalt, holding a controlling interest, the company turns out lorries, tractors, mopeds, bicycles, cross country vehicles, automobiles, ball and roller bearings as well as precision rifles and tanks. Invest-

ments last year totalled Sch. 500m. with Sch. 300m. spent on commercial vehicles and agricultural machinery. The rest went for the expansion of capacities in the two-wheel sector and ball bearings.

Investment in 1978 and 1979 is scheduled to rise by Sch. 700m. and Sch. 900m. respectively, the Board stated. Part of these funds will be channelled into a new plant which, in a joint venture with the German Daimler-Benz, will produce cross country vehicles.

Other major foreign ventures involve Greece where a subsidiary company claims to have overcome earlier difficulties and Government orders are said to cover available capacity. Co-operation with Poland in the lorry sector is in full swing with

products worth Sch. 400m. exported last year. Steyr also created a plant for the production of lorries and tractors in Nigeria and deliveries there last year reached Sch. 700m.

The company is currently considering the setting up of an assembly plant for mopeds in the U.S. Exports, primarily to Germany, Switzerland, Holland and France, already account for 85 per cent. of the production. However, there has been only a slow recovery with regard to bicycles, with a number of serious setbacks during the past few years.

Steyr also operates as a general representative of Fiat in Austria and has managed to increase the market share of Fiat and Lancia marques to 9 per cent. of the Austrian market.

Reorganisation at Swedish Match unit

By William Dufforce

STOCKHOLM, Feb. 13.

SWEDISH MATCH is incorporating its Swedish Match unit into a new building components division with a new managing director. It will have sales of around Kr. 2bn. (\$430m.) or close to 40 per cent. of group turnover. The move is part of the restructuring undertaken by Mr. Gunnar Dahlsten, the group managing director, who took over last June. The unit is understood to have contributed heavily to the Kr. 33m. loss reported by Swedish Match at the eight-month stage last year. During 1977, production of house furniture in West Germany was concentrated to one factory instead of the earlier three.

The managing director of the new division, Mr. Bert-Olof Svanholm, has been recruited from Kema, where he was managing director of the Nitro Nobel Company. Mr. Arne Jansson, currently managing director of the Scandinavian building components factories, will become working chairman.

Credit Suisse tax settlement

By John Wicks

ZURICH, Feb. 13.

A SETTLEMENT between the Swiss federal tax administration and Credit Suisse has now been reached in the case of withholding taxes outstanding in connection with the Liechtenstein company, Texon-Finanzstalt. It was to this company that officials of the Zurich bank's Chasso branch had misdirected Sw.Frs. 2.17bn. of clients' funds, transactions involving the avoidance of Swiss withholding tax of 35 per cent.

The bank has already paid a sum of approximately Sw.Frs. 193m. to the authorities in respect of this tax and will now transfer a further amount of Sw.Frs. 23m. for interest on arrears. The resulting total is equal to the claims made by the tax authority.

Credit Suisse stated in Zurich today that current legal requirements oblige it to pass on the tax sum to the clients of Texon as former recipients of interest payments. The will be covered by part of the bank's restitution payments to the clients blocked by Credit Suisse last year. The arrears interest payment is not intended to be debited against the clients in question.

The bank points out that the sum of Sw.Frs. 216m., which will be received by the exchequer, approximates to almost 15 per cent. of last year's total withholding-tax income of the confederation—or about 21 per cent. of the federal Government's combined fiscal income for 1977.

Domestic push by Olivetti

By Paul Setts

ROME, Feb. 13.

OLIVETTI SPA, the Italian parent company of the electronics and engineering group, today reported domestic sales increases last year of 31 per cent. to L220bn. The electronics and engineering parent company's foreign sales last year totalled L255bn., representing little change on 1976 export sales.

The company confirmed today that its consolidated group turnover last year amounted to L1,365bn. (\$1,558m.), but that a 21 per cent. increase over the previous year.

Olivetti also indicated that its performance last year was more profitable than in 1976 when the group reported a profit of L1bn.

Steady growth at Bancaire

By David Curry

PARIS, Feb. 13.

THE BANKING and credit holding company, Compagnie Bancaire, achieved a net operating profit of Frs. 50.7m. (\$14.6m.) last year against Frs. 59.8m. in 1976. This is after provision of some Frs. 50.2m. for tax.

Banking operations yielded a pre-tax Frs. 75.7m., but Frs. 23.3m. costs connected with the bond issue of March and the incorporation of reserves into capital have been charged to the account. Gross portfolio revenues came to Frs. 55.2m.

After various provisions, the company's net profit has been set at Frs. 50.7m., of which Frs. 30.6m. will be distributed. The dividend of Frs. 8 per share (totting up to Frs. 12 with the tax bonus) is repeated but applies to capital increased by a quarter in May 1977, from Frs. 306m. to Frs. 382.8m.

Consolidated profit has not been worked out yet, but the company says that it is likely to be 10 or 15 per cent. superior to the Frs. 219m. of 1976.

AMERICAN NEWS

TRW well set for records

SAN FRANCISCO, Feb. 13.

TRW expects to report record results for both the fourth quarter and 1977 as a whole and 1978 is foreseen as another year of growth in sales and earnings.

Addressing security analysts Mr. Ruben F. Mettler, chairman and chief executive, said sales in the 1977 fourth quarter were about \$360m., compared with \$754.5m. in the 1976 quarter. Net earnings in the fourth quarter rose about 10 per cent. to about \$43m. from \$38m. for the fourth quarter of 1976. Fully diluted earnings per share in the fourth quarter rose over 20 per cent. to about \$1.15 from 90 cents in 1976. Primary earnings per share rose over 20 per cent. to about \$1.35 from \$1.12.

For the full year 1977, Mr. Mettler said, worldwide sales were about \$2.2bn., compared with 1976's \$2.93bn. He added that he expects 1977 net earnings to be about \$154m., compared with \$122m. in 1976. Fully diluted and primary earnings per share for 1977 are expected to be about \$4.20 and \$4.15 respectively, compared with \$3.60 and \$4.02 in 1976.

AP-DJ

SEC warns on 'manipulation'

WASHINGTON, Feb. 13.

SECURITIES and exchange Commission chairman Mr. Harold M. Williams said the advent of a national market system and its increased reliance on automatic data processing will "generate new opportunities for market manipulation."

Mr. Williams told the House Appropriations Sub-committee that the SEC must develop its own computer capability to recognize certain conditions or patterns so that suspicious trading activity can be investigated.

The commission's market surveillance capabilities are already stretched too thin and have been "severely tested by options trading," Reuter.

Pepsico to buy Taco Bell

NEW YORK, Feb. 13.

PEPSICO and Taco Bell said they agreed for Pepsico to acquire Taco Bell which operates over 800 fast-food Mexican restaurants through an exchange of 1.43 shares of Pepsico stock for each Taco Bell share.

Mr. Robert L. McKay, the chairman of Taco Bell said that after holding merger discussions with several companies, Taco Bell management decided that Pepsico was the "most attractive choice."

He said he and Glen Bell, who together hold 32 per cent. of Taco Bell's outstanding stocks, were "enthusiastically in favour" of the merger.

The two companies said the agreement is subject to a definitive agreement, approval of directors of both companies and of Taco Bell holders.

Taco Bell operates over 800 fast-food Mexican restaurants in 39 states, it said. Reuter.

U.S. QUARTERLIES

CLUETT PEABODY

	1977	1976
Fourth Quarter	1977	1976
Revenue	156.2m.	166.8m.
Net profits	6.59m.	6.16m.
Net per share	0.70	0.65
Net share dil.	0.67	0.63

	1977	1976
Revenue	589.4m.	580.7m.
Net profits	19.27m.	17.02m.
Net per share	2.00	1.74
Net share dil.	1.95	1.71

WALTER HELLER

	1977	1976
Fourth Quarter	1977	1976
Revenue	99.0m.	94.0m.
Net profits	8.3m.	6.0m.
Net per share	0.71	0.52

MOTOROLA INC.

	1977	1976
Fourth Quarter	1977	1976
Revenue	523.3m.	420.6m.
Net profits	30.14m.	26.98m.
Net per share	0.99	0.89

NORTHWEST ENERGY

	1977	1976
Fourth Quarter	1977	1976
Revenue	282.0m.	19.40m.
Net profits	6.2m.	6.3m.
Net per share	1.48	1.48

NORTON

	1977	1976
Fourth Quarter	1977	1976
Revenue	219.6m.	209.4m.
Net profits	10.3m.	8.2m.
Net per share	1.28	0.98

REVERE COPPER

	1977	1976
Fourth Quarter	1977	1976
Revenue	142.7m.	125.2m.
Net profits	4.1m.	2.6m.
Net per share	0.71	0.48

A. H. ROBINS

	1977	1976
Fourth Quarter	1977	1976
Revenue	83.9m.	78.2m.
Net profits	6.9m.	7.0m.
Net per share	0.27	0.28

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Row over regulation of U.S. securities futures

BY JOHN WYLES

NEW YORK, Feb. 13.

A HIGHLY sensitive judicial dispute with the Commodity Futures Trading Commission (CFTC) has been reopened by a Securities and Exchange Commission proposal that it assume regulatory authority for futures trading in securities.

In an audacious memorandum SEC retained its responsibility for regulating trading in stock options but the CFTC was given jurisdiction over futures trading.

The SEC's move on CFTC jurisdiction comes at a time when the CFTC is trying to defend itself against broader charges of inadequate regulations. The GAO will shortly be reporting to Congress on the CFTC's performance during its first five years as a prelude to House and Senate hearings, which will decide whether to renew its authority.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Toyota sales at peak as operating profits fall

BY YOKO SHIBATA

TOYOTA MOTOR COMPANY has quite so striking as the increase in sales of ¥1,258bn. in its cost. Operating profits (¥22bn.) for the six months declined by 3.5 per cent. to ¥22bn. last year. The six months ended December 31 last year. Toyota's car sales for the period were 168,156 units, a 1.7 per cent. increase on 165,200 units in the same period last year. Toyota's car sales for the period were 168,156 units, a 1.7 per cent. increase on 165,200 units in the same period last year. Toyota's car sales for the period were 168,156 units, a 1.7 per cent. increase on 165,200 units in the same period last year.

Munkarie gas flow

BY LAURENCE STEPHENS

SOUTH AUSTRALIAN GOVERNMENT was an indication that the Munkarie well had encountered a commercial gas flow. The well, in which the State Petroleum Commission is being developed, is being developed by the State Petroleum Commission. The well, in which the State Petroleum Commission is being developed, is being developed by the State Petroleum Commission. The well, in which the State Petroleum Commission is being developed, is being developed by the State Petroleum Commission.

Anglo-Alpha earnings dip

BY RICHARD ROLFE

JOHANNESBURG, Feb. 13. LINE with declining national from R3m. to R1.7m. or from 9.8c. to 5.8c. per share. The line, controlled by the Anglo-Alpha group, has reported a 4.7 per cent. drop from R73m. to R69.5m. for the six months ended December 31, 1977. The Board points out that the decline in earnings is due to a combination of factors, including a 10 per cent. increase in depreciation charges and a 10 per cent. increase in interest charges.

Cadbury ahead in S. Africa

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Feb. 13. PROFITS AT Cadbury-Schweppes company, 1977 being the first full year of operations under the new structure. Earnings per share of Cadbury-Schweppes rose from 28.7c. to 32.2c. in 1977. The company's turnover for the year ended December 31, 1977, was R41.6m. compared with R38.5m. in 1976. The company's turnover for the year ended December 31, 1977, was R41.6m. compared with R38.5m. in 1976.

ELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

MARKETS	PRICE	MARKETS	PRICE
Australia 5 1/2% 1980	99 1/2	Canada 5 1/2% 1980	99 1/2
USA 5 1/2% 1980	99 1/2	UK 5 1/2% 1980	99 1/2
Japan 5 1/2% 1980	99 1/2	France 5 1/2% 1980	99 1/2
Germany 5 1/2% 1980	99 1/2	Italy 5 1/2% 1980	99 1/2
Spain 5 1/2% 1980	99 1/2	Sweden 5 1/2% 1980	99 1/2
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STOCK EXCHANGE REPORT

Lethargic start to Account ahead of trade figures

Share index eases 1.1 to 469.9—Gilts fall to 1/2—Golds up

Account Dealing Dates
Option
First Declara- Last Account
Jan. 30 Feb. 9 Feb. 10 Feb. 21
Feb. 12 Feb. 23 Feb. 24 Mar. 7
Feb. 27 Mar. 9 Mar. 10 Mar. 21

*New time "dealings may take place from 9.30 a.m. two business days earlier.

Stock Markets made a drab start to the new Account yesterday. South African Gold shares provided the one bright exception, the Gold Mines index jumping 6.3 to 132.3 with the help of gains yesterday in the investment premium and the bullion price, the latter improving \$12 to \$167.4 an ounce.

Uncertainties ahead of the January trade figures, due to-day, the latest money supply figures on Thursday and the retail price index on Friday kept potential buyers of British Funds on the sidelines. Sentiment was also still unsettled awaiting developments in the tanker drivers' and electrical power workers' pay talks. Falls to 1 in short-dated stocks and to 1/2, after 1, in longer dates left the Government Securities index 0.24 off after the improvement of 1.35 in the previous three trading days.

Leading equities opened cautiously and eased slightly in a thin trade before closing slightly above the lowest levels. Second-line stocks showed scattered firm features on trading announcements and speculative demand, the latter partly reflecting weak-end Press comment. The narrow trading range in the leaders was illustrated by movements in the FT 30-share index which traded down to 468.1 at 11 a.m. and gradually hardened thereafter to end at 469.9 for a net loss of 1.1.

Rises fell in all FT-quoted Industrials by 7 to 4, but the broad-based FT-Actuaries three main indices all showed minor losses on the weight of falls in shares of the larger companies: the 498-share Industrial group index gave up 0.3 per cent. at 200.88.

Official markings amounted to 5,920 compared with last Friday's 6,143 and the week-ago level of 6,411.

Gilts cautious

British Funds moved lower on

caution ahead of this week's

batch of economic pointers.

Seldom was there any pressure

of selling but the absence of

potential buyers allowed quotations

to drift downwards until mid-afternoon

when a slightly favourable reading of both the

January retail sales and the

tanker drivers' dispute encouraged a small recovery.

This reflected bear-covering and

cheap buying, the combination

of which reduced the falls at the

longer end of the market from 1

to 1/2 leaving the tap Exchequer

at 10 1/2 per cent. 1985 that much

cheaper at 25. Shorter issues

staged rallies on two occasions

before settling near the day's apice.

while Brent ended 4

to 65p and gains of 3 were

than-expected profits. Demand in

a restricted market prompted a

rise of 4 to 88p in Mess Bros.

Foster Bros. put on 3 to 89p and

Polly Peck 1 1/2 to 81p.

Also in the other hand, shed 4 to 183p.

Booth (International) put on 3 to

61p among Shoes where Newbold

and Burton edged forward 1 1/2 to

39 1/2p.

A little of interest occurred in

the Electrical sector, the leaders

moving extremely narrowly and

closing generally unaltered. New-

man Industries responded to

favourable week-end Press men-

tion with a rise of 2 to 71p, while

Ever Ready ruffled 5 to 157p and

Lee Refrigeration 3 to 74p. AS

Electronic firmed 2 to 101p and

closed a penny off at 83p, while

Walbridge A eased 1 1/2 to 85 1/2p and

A. Guinness 2 to 175p. Vaux,

however, finished 1 1/2 harder at

104p following the share-slipping

operation.

Buildings were firmer in places

after a thin trade. AP Cement,

at 235p, retrieved 2 of last Friday's

fall of 7 which followed

news that the Price Commission

is to investigate the group's

application for a price increase.

Speculative demand prompted

gains of 2 1/2 in both Orme

Developments, 3 1/2p, and Roveo,

34p, while Wilson (Connolly)

hardened 2 to 110p, after 130p.

Press comment, Vibroplant firmed

up at the day's best of 129p.

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Costly cures for Mediterranean ills

BY CHRIS SHERWELL

One statistic on the sewage problem quoted by the United Nations Environment Programme is that someone taking a swim in the Mediterranean has a one in seven chance of catching a disease

THE MEDITERRANEAN countries face a dilemma: they can either watch pollution of their sea disrupt the lives of some 100m. people living in the area, or they can try to take corrective action so expensive that the disruption might be worse.

Until January, all but one of the 18 states on the Mediterranean concerned with the issue (the absentee is Albania) appeared to have chosen the second alternative. Then, at a meeting in Monte Carlo, they failed to agree on a crucial stage of their strategy. The effect has been to delay their plans and, unless they can fashion some sort of compromise, perhaps even nullify them altogether.

The failure to agree can be explained in a word: money. Doing nothing about the pollution of the Mediterranean would be costly enough in terms of reduced tourism, increased incidence of diseases such as cholera, dysentery, typhoid, and hepatitis, and contaminated marine life. But the cost over 10 to 20 years of combating pollution in the coastal areas alone is put at millions but billions of dollars.

Such calculations are inevitably full of uncertainties, as the international agencies which produce them would acknowledge. Equally, it is uncertain precisely where the costs would fall, even allowing for a well-

aimed application of the so-called "polluter pays" principle. Changed economics of production can be expected to affect industrialists, workers and consumers.

What no one disputes is that the Mediterranean is sick. Some have claimed, rather dramatically, that it is actually dying. For officials of the United Nations Environment Programme (UNEP), which is supposed to co-ordinate the Mediterranean strategy, the question is whether the illness which has afflicted parts of the Mediterranean for centuries is now becoming so widespread as to be incurable.

The coastal populations which have grown so markedly over the past two decades are one cause of the problem. The growth of towns, boosted by tourism, together with post-war industrial growth, have both taken their toll. The result is that untreated or inadequately treated sewage from well over 100 coastal towns pours into the Mediterranean. So does effluent from refineries, from chemical and steel plants, from textiles and leather and food

processing works, and from thermal power stations. The amounts of waste are all expected to increase.

One statistic on the sewage problem quoted by UNEP is that a swimmer in the Mediterranean has a one-in-seven chance of catching a disease. Maps of contaminated resorts speak for themselves. Health risks caused the closure of 32 out of 80 beaches at Genoa in 1974. One mile of Tel Aviv's nine miles of beaches was closed in 1976.

Chemicals

On top of this the number of factories along the Mediterranean coastline increases by thousands each year. Most of the polluting works are on the northern shore. They discharge an estimated 115,000 tons of oil into the sea each year. Added to this there are chemical pollutants carried from inland, by river, and by wind and rain. To many, they are the real problem. According to one calculation 80-85 per cent. of pollution of the Mediterranean

derives from sources upstream. France and Italy are the two biggest polluters of this kind, the Po and Rhone being the major offending rivers. The Rhone is said to release into the Mediterranean each year 30,000 tons of petroleum hydrocarbons, 500 tons of pesticides, 700 tons of phenols, 1,250 tons of detergents and 24,000 tons of organic pollution.

The atmosphere provides the chief pathway for lead, mercury, DDT and polychlorinated biphenyls (PCBs) into the Mediterranean. Metals like lead, mercury and cadmium threaten fisheries. Many species of fish, for example the tuna, contain mercury at higher than acceptable levels.

Offshore the Mediterranean as a whole is in surprisingly good condition. Its size and depth, its ability to replenish itself and mix relatively rapidly, and its paucity of nutrients, all conspire to put well over half the sea at no immediate risk. At certain places, however, things are different. Some 320,000 tons of the hydrocarbons are dumped each year from tankers and refineries,

mostly off the shores of the richer countries in the north-west Mediterranean. The Mediterranean forms only 1 per cent. of the world's oceans; but has 50 per cent. of its floating oil and tar.

Offshore drilling for oils and minerals pose another threat. Thermal power stations, on the other hand, at least offer a prospect of fish farming to be set against the effects of their discharges.

Measured against all this, the achievements of UNEP's Mediterranean programme so far seem slim. A productive three-year marine research and monitoring programme is to end this year. With the results of a survey of pollutants of land-based sources it should yield a much-needed profile of where the pollution is, and how much.

Establishing the conditions of the sea does not entail agreement on what constitutes "pollution on marine pollution from land-based sources, and the 1976 in one part of the Mediterranean European Commission directive may be deemed unsuitable for on land sourced pollution—moderate the pollutant. Pollu-

tion, after all, is a matter of degree.

Pollution is an international problem demanding an international solution. Many people count it as one of the great successes of the Mediterranean programme that countries at odds with each other—Greece and Turkey, Egypt and Israel, for example—should have sat down together to talk of co-ordinating domestic policies. It is a concrete achievement that some forms of pollution are now banned altogether. An umbrella convention agreed by Mediterranean countries in Barcelona in 1976, which became international law this week, carried two protocols on the prevention of pollution by dumping and on co-operation in a pollution emergency.

The Monte Carlo meeting in January was supposed to add to this further by putting some finishing touches to a protocol on the all-important land-based sources of pollution, thus rounding off a series of meetings begun in Athens and Venice last year.

The precedents elsewhere in this sphere—the Paris Convention on what constitutes "pollution on marine pollution from land-based sources, and the 1976 in one part of the Mediterranean European Commission directive may be deemed unsuitable for on land sourced pollution—moderate the pollutant. Pollu-



Dr. Stjepan Kekes—the Yugoslav marine scientist in charge of the UN's Mediterranean action plan.

occasioned bitter debate within who runs UNEP's Mediterranean Action Plan. Dr. Stjepan Kekes, is not "satisfied" and "grey lists" of dangerous substances, classified on the basis of toxicity, persistence and accumulation. The idea was to reduce pollution by "black list" substances—mercury, cadmium and their compounds, for example—to harmless levels.

Failure

Yet the failure to agree more than a mere hiatus in the three-year-old programme. After the smooth strides made hitherto, it was a sharp reminder of why an agreement may in the end prove extremely difficult to achieve. Further meetings are scheduled, but delay of up to a year in the original programme is now likely. A signed treaty now looks impossible before the end of 1979.

Beyond this there are UNEP ambitions elsewhere. They extend to the Caribbean, the Gulf, the Red Sea and other large stretches of water. Meetings have taken place or are planned for all these areas. UNEP's overall aim is a treaty will in effect oblige them to buy anti-pollution equipment from developed countries, reinforcing the dependence they wish to escape, and draining further their meagre foreign exchange reserves.

The Yugoslav marine scientist vanished altogether.

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Output

News that Mr. Michael Edwardes, the new chairman of British Leyland, had cut output targets for the current year by 20 per cent. from the more than 1m. vehicles projected under the original Ryder rescue plan caused little surprise within the components sector. Most companies had anticipated such a move.

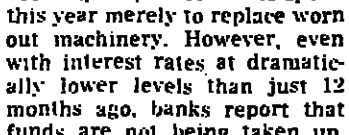
Of more significance are Mr. Edwardes' forecasts for the years up to 1983 which suggest Leyland will achieve only an

It will be incurred in the Midlands. The Midlands machine tool industry, which has passed through its deepest post war recession and is still working at only around 80 per cent. capacity, has received assurances from Leyland of spending of between £50m. and £60m. in each of the years up to 1982.

Of Leyland's problems, the issue which has excited most controversy is that of redundancies. Unemployment levels throughout the Midlands are expected to remain fairly stable over the next 12 months. One black spot is likely to be Corby, where British Steel Corporation, the principal employer, is hoping to shed around 1,200 jobs.

The latest survey of business intentions conducted by the West Midlands Chambers of Commerce, though more optimistic about orders and profitability, indicated that few com-

Midlands companies enjoyed particular success in overseas markets last year, but expect the rate of growth to slow down. Quality and speed of delivery



proving business confidence in recent months is the relative peace on the industrial relations front. Fears of industrial strife and a wage explosion have receded and many employers would admit in private how pleasantly surprised they have been at the tough line taken by the Labour Government.

Midlanders pride themselves that, with their high proportion of manufacturing industry, they are at the sharp end of the economy. For the moment no one is making any bold statements about the future: it is enough that things are a lot better than they were just 12 months ago.

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THE MIDLANDS II

Tasks for motor industry

ENGINEERING IN the Midlands is dominated by British Leyland motor group, both as a customer for component supplies and as a buyer of sophisticated machine tools. It is an accepted fact that the decline of Leyland has weakened the Midlands in both areas. Employment has become more difficult to find, some components companies have come under pressure, and the tooling industry for the motor sector has been in sad decline.

These problems have been exacerbated by similar difficulties encountered by Chrysler U.K. This U.S.-owned company has reduced the number of vehicles it makes in the Midlands quite substantially — from

well over 100,000 units a year to about 40,000 — during the reorganisation of its production facilities following the Government rescue package. A large proportion of components going into Chrysler cars to-day are made in France rather than Britain — more than 50 per cent. at present.

Both companies, rescued within a year of each other in 1973-1974, now stand at a cross-roads. Neither has recovered sufficiently to be assured of a healthy future, nor has either yet slumped so far that there can be no hope for the future.

So far both the BL and Chrysler rescues have led to less than was originally hoped in terms of revitalising their areas of influence. Chrysler, for example, has not yet reached the 57 per cent. level of U.K. component buying which was suggested as a target for the end of last year in the rescue agreement. BL's car production is falling between 400,000 and 500,000 units short of the 1.2m. level on which was based the prediction of sales in the rescue document prepared by Lord Ryder.

However, on the positive side both these rescue efforts, with their heavy money commitments, remain intact. Indeed in Chrysler's case some of the planned investment is being

switched to the Midlands away from the group's plant at Linwood in Scotland. This will put into the arena another medium-range car, based on the successful Alpine model which Chrysler now makes at its Ryton works in Coventry as well as at Poissy in France.

At the same time British Leyland has come through its latest crisis since the change of management at the top with its investment plan more or less intact. There will be some trimming on some projects, but the model line-up identified in the Ryder report has been largely endorsed, meaning that Leyland is committed to production of at least two new models up to 1982, plus several revamps.

Investment in these cars, along with the Land Rover and Range Rover expansion programme, could well amount to about £1bn. over the next five years, virtually all of which will be spent in the Midlands at Longbridge, Birmingham, Cowley, Oxford and Solihull near Coventry, along with their satellite plants. But the question remains whether this will be sufficient to keep Leyland in anything like its present shape and size.

In contrast to three years ago, when the company's inherent

weakness had been highlighted by the dramatic collapse in the market to an all-out crisis, Leyland is now fighting with its back to the wall. It has reached a point, in terms of production and market share, at which another serious hiccup could send it into an irreversible spiral of decline.

This reasoning underlies the message which Mr. Michael Edwards, the new chairman, has been spelling out to the company's workforce and the British public in the last few weeks. He has tried to establish much more realistic targets for Leyland Cars to aim at during the next few years, rather than fighting a losing battle to retain its original size.

Parameters

The main parameters within which Mr. Edwards intends to work are already clear. He is aiming to maintain Leyland's broad base as a manufacturer and specialist car manufacturer, as well as a range of unique four-wheel drive vehicles. For production purposes he will break this conglomerate into smaller units based on three main areas.

One will be for volume cars, made under the Austin/Morris name, another for specialist

vehicles, made under the Jaguar-Rover-Triumph name, and another for components. Some of these companies will also have their own sub-groups. Components, for example, will have a Pressed Steel Fisher division for bodywork manufacturing, and JET will have a unit for Land Rover and Range Rover production.

Each of these groups will have full profit responsibility, with control over its own marketing and production engineering. Edwards has tried to give the managing directors as much authority within their own separate domains as possible. But at the same time there will be some central co-ordinating functions under the control of a new main-board executive vice-chairman (Edwards himself at present), whose job it will be to look after the whole of the car interests.

These centralised functions include industrial relations, advanced engineering, and franchising. Leyland will continue to have two main franchises, one for all cars up to the Rover and the other for additions to the line such as the Jaguar, four-wheel drive and Sherpa ranges.

These moves have created a structure more similar to that of General Motors than of Ford,

which is much more highly centralised. But the question now is whether this will reinvestigate the Leyland management. Some extremely difficult problems remain to be sorted out. Edwards has already stated that the company must shed about 12,500 workers this year, and there must be many more jobs which will have to go as well.

Decisions also have to be made on the structure of the production units within Leyland. Several of the smaller component manufacturing units do not appear to be economic on the basis of their high overheads, and there is a case for closing them down. Question marks also hang over the assembly works at Speke in Liverpool and at Abingdon where the MG is made.

At the same time as solving these difficulties Leyland has to make some impression on the U.K. market, where its share fell to 21 per cent. in January from an average of 24 per cent. last year. Revamped models are on the way, but the cumulative effect of bad publicity has been very damaging to the company, and ground lost will not be recovered easily.

Chrysler U.K. is similarly pushing hard in the U.K. market, where its image has suffered equally from the effects of bad publicity over the past three years. The Ryton plant, however, has recovered substantially from the effects of the 1975 collapse, during which it lost more than a third of its workforce. It has gained a new Alpine line during the reconstruction, and following an extremely good output record since then, will be receiving another new car next year.

Similarly, the Stoke plant in Coventry is gradually gathering in more work as its activities become more closely linked with Chrysler's needs in France. As two plants which have become closely associated with the front-wheel drive expertise the group has in France, their future seems quite sound — much sounder than anyone would have dared suggest two years ago.

Both Leyland and Chrysler will, of course, continue to walk a tightrope for several years yet. Yet as car sales throughout Europe have shown in the past ten years, there are still plenty of opportunities open to managers — and workers — to cut their own throats with financial imprudence and labour unrest.

Terry Dodsworth

Peter Cartwright Motor Industry Correspondent

Component imports

LAST YEAR for the first time in over a decade imports of components and accessories began to eat into the lead established by exports. This narrowing of the surplus of exports over imports is expected to continue for at least another year or two, and such a reversal of the previous strong trend has wide implications.

About half the 200,000 or so working in motor industry supply factories are employed in the Midlands, and of those more are to be found in supplying factories than in the assembly plants. Together they represent one in ten of the manufacturing workforce in the region. This high dependency on the automotive industry as did the three-day week, susceptible to the kind of major trends now occurring.

This is not to say that the components supply sector is not prospering. Last year shipments overseas rose by a creditable 22 per cent. to £1.64bn. But imports, which in 1976 had registered a massive 43 per cent. increase, went ahead even faster last year by a shattering 66 per cent. to £736m. This meant that the balance of trade came to £884m. last year compared with £390m. in 1976, the first time in recent history the export balance has failed to grow.

The strength of the component and accessory sector has enabled the industry as a whole to show a healthy export surplus and easily to offset the inability of the home car producers to defend their U.K. market against Japanese and European competitors. But it is clear that the balance of imports/exports situation is confirmed as a new trend, it will become increasingly difficult, and perhaps impossible, for the industry as a whole to earn £2 abroad for every £1 worth of imported vehicles and parts.

Increase

This has resulted in a big increase of imported parts into this country. The Chrysler Alpine is assembled at Coventry from parts that still come mainly from the associated Simca plant near Paris and will continue to do so until the company can meet its commitment of switching 37 per cent. of purchases to U.K. companies. Ford and Vauxhall are also to show a healthy export surplus and easily to offset the inability of the home car producers to defend their U.K. market against Japanese and European competitors. But it is clear that the balance of imports/exports situation is confirmed as a new trend, it will become increasingly difficult, and perhaps impossible, for the industry as a whole to earn £2 abroad for every £1 worth of imported vehicles and parts.

like the Allegro, Granada and Capri, which have been transferred for manufacture to the Continent, are made with British parts. But it depends very much how you count exports and imports as to where the balance of trade lies.

Imported car registrations last year took 45 per cent. of the 1.3m. U.K. market, and there are well over 2m. foreign cars on the roads, or about one in seven. Only the Japanese (and some of the negligible imports from Eastern Europe) do not incorporate British-made parts. Volvo, one of the first to buy British, has around 35 per cent. content, and leading component makers are supplying all the major European producers with a growing volume. Volkswagen, BMW and others are all stepping up their requirements as multi-sourcing (which also involves U.K. vehicle assemblers buying abroad) spreads.

The Japanese have remained aloof from this trend except in a minor way, like taking Jersey Napwood seat coverings, Lucas headlamps, and manufacturing under Automotive Products and other licences. And there is virtually a nil content at the moment of replacement parts, which represent the more lucrative side of the business. Naturally every car maker does his utmost to follow sales with replacements from the country of origin. But this is breaking down slowly under the influence of do-it-yourself repairs, a growing feature of the after market, in which users are more interested in the price than whether spark plugs are Japanese or go with Datsons or wiper blades French for Renaults.

The imported car replacement parts market is estimated to be currently worth £350m., but in many instances is not yet big enough for British component suppliers to tool up for some of the more sophisticated items, although this is beginning to happen. The Japanese will also be coming under much heavier pressure to fit batteries, tyres, spark plugs, windcreens and other similar items (Lucas may later fit headlamps over here instead of sending them to Japan) in the U.K.

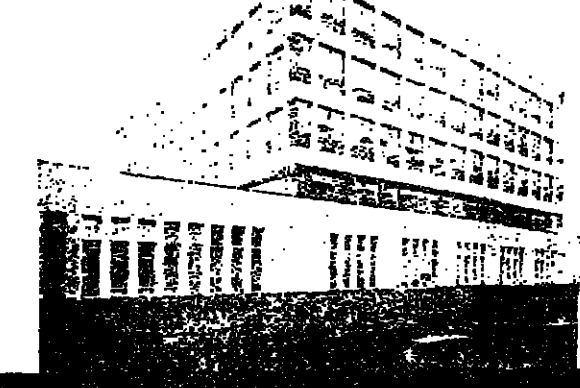
In one of the most significant moves in the market place British Leyland's Uniparts division has taken a bold decision to extend its range to all imported cars to achieve an extra £5m. turnover this year on top of its pre-1977 annuals. A third of which follows its own and other British cars into export markets. Some 70 per cent. of the new range will be bought in the country of origin, such as Japan. The division markets 180,000 different spares and is extending its retail outlets here and overseas — 60 shops in Australia alone were recently acquired. When it considers the time right it is planning to make some parts for foreign vehicles, which means that it could be competing head on with some of its suppliers to Austin Morris or Jaguar, who also are waiting for replacement volumes to reach the point where tooling up can be considered seriously.

The continuing success of British suppliers is basically due to assessing the opportunities and exploiting the potential of markets here and overseas well ahead of the opposition. The reworking of components is an example being more widely followed on the Continent, especially in Germany, which has a substantial second-

ary industry dealing with clutches, brakes, shock absorbers and, increasingly, with electric. In contrast the French market is strongly regionalised, and wholesalers are apt to boycott products from other regions, especially if a supplier has (or is trying to create) his own distribution network. There are no national chains in France, and they have existed in Germany for less than 20 years. In Italy the scene is different again, with the tradition of repairing, rather than reworking, still dominant.

Leading British suppliers, many of which, like GKN, Automotive Products, Associated Engineering, Lucas, Wipac, Brembo and others are Midlands-based, have moved into world markets, and particularly in Europe, to the extent that a third to half the profits are coming from overseas.

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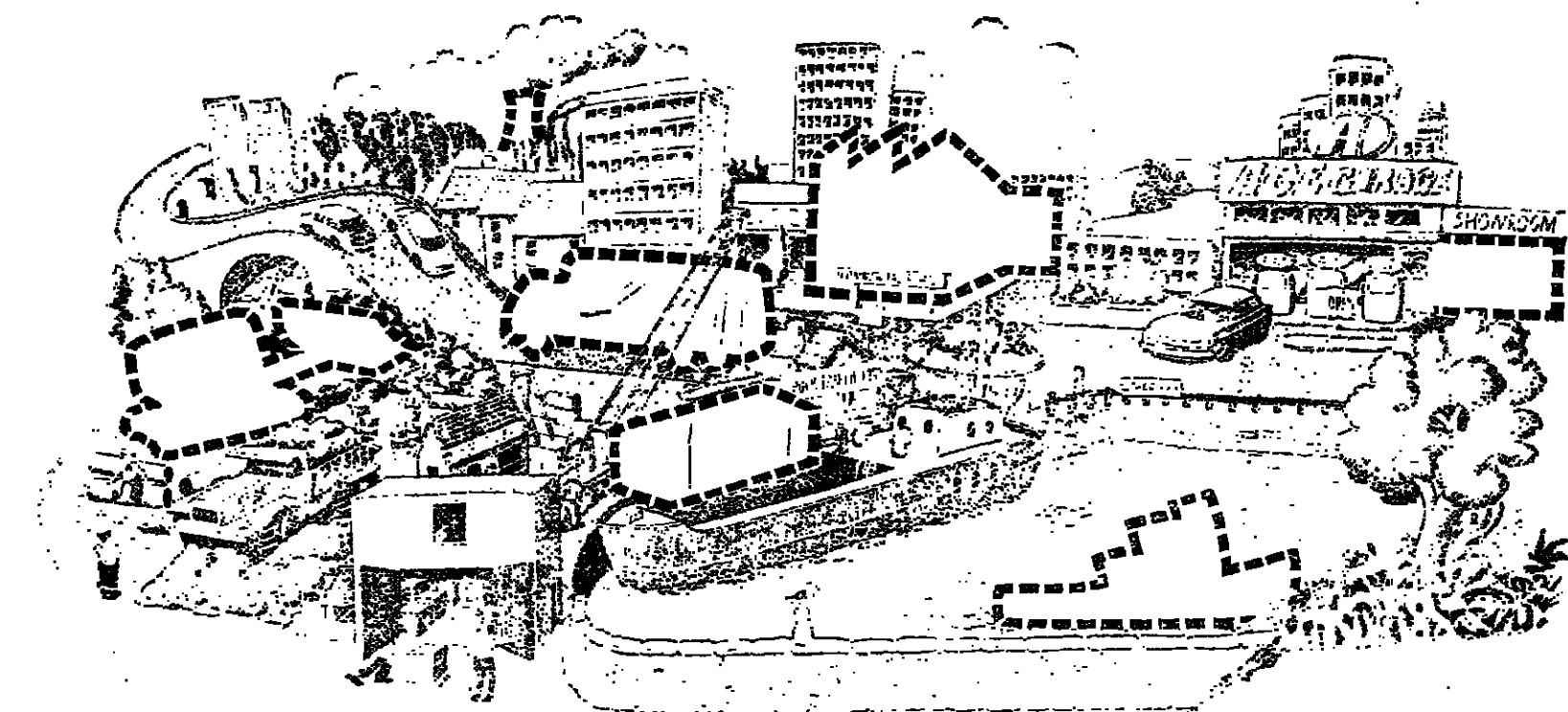
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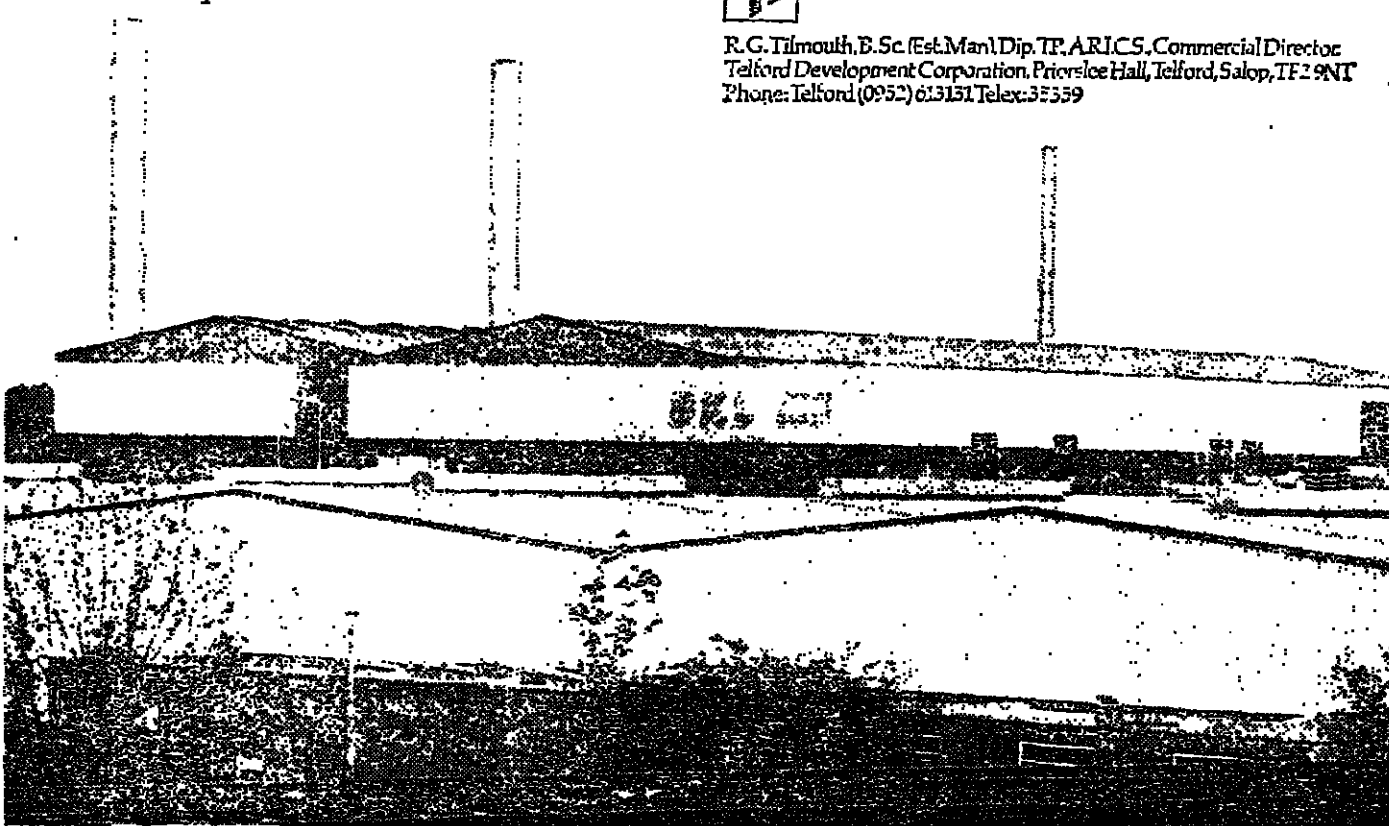
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THE MIDLANDS IV

Delicate investment climate

COMPARED WITH 18 months ago there is now a distinct feeling that a better climate exists for new investment. In this, the Midlands are reflecting trends reported by the most recent Financial Times business opinion survey for the whole of the U.K. The feeling is, however, extremely tentative and needs to be treated with great caution.

The problem about resuscitating investment in the Midlands is that the region has taken such a tremendous pounding over the past four or five years, and this has inevitably destroyed a lot of confidence. Although Rolls-Royce might be said to have overcome its difficulties and Chrysler on the way towards doing so, there remains a lot to be done at both British Leyland and Meriden. On top of this there are now fears that Cadbury will move its tea interests from Birmingham to Chester.

All these, and in particular British Leyland's problems, have had a cumulative effect on the climate for investment, making it that much more difficult for the area to climb out of the slump. But there are better indicators pointing in a hopeful direction. The West Midlands economically, much after that group of chambers of commerce, they have been for a very long time in their December quarterly time—probably since the war. The three-day week, ill-judged as it was as a political ground, showed what could be achieved by firms with revised their investment plans upwards for the new plant and machinery over the next 12 months compared with only 23 per cent. that had done

Corollary

In other words, what the Midlands is showing is that firms are looking for more output from the same, or even less, labour. This is a natural corollary of the economics of the slump. Nearly every

company has de-stocked in making it that much more difficult for the area to climb out of the slump. But there are better indicators pointing in a hopeful direction. The West Midlands economically, much after that group of chambers of commerce, they have been for a very long time in their December quarterly time—probably since the war. The three-day week, ill-judged as it was as a political ground, showed what could be achieved by firms with revised their investment plans upwards for the new plant and machinery over the next 12 months compared with only 23 per cent. that had done

so in September last year and 19 per cent. in June.

It is clear, though, that while companies are now considering putting in new plant they are very hesitant about expanding capacity. The same survey showed that fewer of them had improved their capacity plans compared with the previous quarter; 11 per cent. reporting an upward revision in December against 13 per cent. in September, 1977.

Within Birmingham itself the figures are even less optimistic, with only 5 per cent. feeling that they would put in more capacity, compared with an average figure of almost 9 per cent. for the rest of last year.

What is tending to happen instead is that firms are approaching their banks seeking an extension of facilities. A company which has an overdraft facility for, say £2m-3m, will probably seek to push this up to £5m. The intention is to be able to meet contingencies in future rather than spend at the moment.

Other factors limiting new capital spending are the non-availability of new plant and the severe shortage of skilled labour. It is always possible to find plant somewhere and it may be that industrialists are really evading the issue when they cite the difficulty in obtaining new machinery. But there is no doubt that, in the Midlands as elsewhere, there is a desperate shortage of skilled men. This shortage is not just in the large industries such as motors, metal manufacturing and foundries; it extends right down the scale to those industries for which Birmingham has been world famous—jewellery, silversmiths—and which comprise a large number of small firms.

There are hopes that the Government's change of heart over inner-city development might have some beneficial

SELECTIVE FINANCIAL ASSISTANCE TO THE WEST MIDLANDS (31 DEC. 1977)

SECTION 8, INDUSTRY ACT 1972

	Number of offers	WM as a % of GB	Value of offers £000	WM as a % of GB	Total project cost £m.
Accelerated projects	23	116	24.1	5,778	84,902
Selective investment	8	28	28.6	2,145	19,726
Wool textile	3	811	1.0	261	17,104
Machine tool	26	99	26.3	1,478	10,344
Ferrous foundry	67	276	24.3	13,916	54,664
Non-ferrous foundry	11	31	35.5	1,096	2,479
Red meat	6	39	15.4	493	2,461
Clothing industry	16	285	5.6	268	3,592
Paper and board	4	11	—	733	11,039
Textile machinery	—	—	—	—	—
Poultry meat	—	—	—	—	—

* Grouped for reasons of confidentiality. Table excludes rescue cases.

effect. The Midlands, with one small exception, receives no regional grants other than those for selective assistance under Section 8 of the 1972 Industry Act. The area has had to compete for new and expanding business against the assisted advantages of South Wales and Merseyside.

As far as selective assistance is concerned, it has managed to do quite well as the table shows. The West Midlands has gained 44.2 per cent. by value of all the aid given to the non-ferrous foundry industry and 25.5 per cent. of that to the foundry industry. With its concentration of foundries this might not be unexpected, but even under the category of "red meat"—a jab at the Government's change of emphasis—local authorities can now build advance factories and there is, certainly room in Birmingham on both council land and that

owned by British Rail for and developments to take place.

The Government is also helping the cause of new investment by adopting a pragmatic, not say liberal, approach toward the definition of an inner city. In Birmingham's case Solihull, which is, in fact, an outer part of the city, has been included. Since Solihull has land available, the chances of firms being able to expand in the area have been enhanced.

Nothing will happen, however, until there is a more pronounced pick-up in the economy. Everyone is treating the element of optimism with great caution. There is hard evidence to show that investment is moving ahead, and that it looks as if it is, at least, needed for any further than that.

Anthony Moreto
Regional Affairs Editor

Optimism in property

OVER THE past three years any Midlands' property man brave enough to talk cheerfully about business in the region has been dismissed with a wry smile and a reference to the massive regional over-supply of space. But he may now expect a less sceptical audience as 1978 has started on a significantly more optimistic note.

The summer and autumn months of 1977 saw renewed letting demand in all sectors of the market. And although most major cities of the region still have a marked imbalance of supply over demand, the overhang of buildings developed in the early 1970s, and standing embarrassingly empty ever since, is gradually being absorbed.

Industrial property has been leading the way out of recession. In the West Midlands local agents have been talking of a 20 per cent. increase in warehouse rents in 1977, pushing prime located modern units around Birmingham into the £1 to £1.25 a square foot range.

Increased letting demand for warehouse, rather than factory units continues to influence new developments. A recent survey by Debenham, Tesson and Chinnocks shows that throughout the West Midlands in the ten years from 1966 warehouse space increased by 102 per cent. to 109.8m. square feet compared to a 13 per cent. increase in factory space, to 416.4m. square feet.

Pressure to alter further the balance of industrial space in favour of warehousing is reflected in the predominance of large warehouse schemes among applications for Industrial Develop-

ment Certificates within the region. But developers are meeting increasing planning resistance to purely warehouse schemes as local authorities become reluctant to zone prime industrial land for low employment use.

This planning reluctance, with its consequent effect upon site costs, could become an increasing problem as letting demand and greater availability of development finance draws out more new building. But for the time being, although some spectacularly large industrial schemes were unveiled last year—particularly in the Birmingham fringe areas—development activity throughout the West Midlands is still at a relatively low ebb.

After a temporary lull in 1976, the number of Industrial Development Certificates granted in 1977 dropped by nearly a third. The letting market revival has not, therefore, primed a new building boom, and this situation underpins the prospects of further strong industrial rent growth this year.

Fears about the future of British Leyland apart, the industrial conservation that stretches from Birmingham to Coventry has managed to ride out the recession better than most of the rest of the region. Industrial rents reflect this resilience. Outside the Birmingham-Coventry axis new space ranges up to £1.30 a square foot throughout the West Midlands. The weight of older multi-storey space in the Black Country tends to keep older units below £1 a square foot and there is still little demand for buildings without reasonable motorway access.

anywhere in the region.

Eastwards, relatively modern factory and warehouse space can still be found in Derbyshire for less than £1, and there are plenty of older units on the market for as little as 50p a square foot. Nottingham's M1 links keep smaller new space in the £1.50 a square foot range, with larger units letting to £3 a square foot for modern air-conditioned buildings. Most of the long standing over-supply of warehouse space in Leicester has now been taken up, although rents are still down in the 75p to £1 bracket. And in an active Northampton market rents have stabilised at around £1.10 to £1.20 for larger space and 10p to 20p a square foot more for small modern factories.

To the South, motorway connections with the capital gives the Luton/Dunstable area a strong appeal. And Connells recently warned of a prospective shortage of new space by 1979 with rents breaking the £2 barrier by this autumn.

Centres

The market for shop property has been patchy in the East Midlands. The tightly defined prime shopping area of Northampton has proved a problem for investing funds in a search for provincial shops. And this shortage of prime space is clearly reflected in rents, which topped £17 a square foot for Zone A space in the central area of the town, but dropped to only £3 to £4 a square foot in secondary locations. Two new covered centres, the Newborough Centre, Retford, and the Ardale Centre in Wellingborough, were launched in the year, but the market in the Midlands is clearly past the worst. The Wellingborough scheme, an outstripping interest in its competition, may be the prelude to a more active market.

Strong retail demand in Leicester is keeping the local agents happy, with reports of prime rents up by 20 per cent. in 1977, and investment demand pressing prime yields down as low as 5.6 per cent. Although the ICI pension fund paid £11.5m. for a stake in Capital and Counties Victoria Centre in Nottingham last year, investment interest in city shops has generally been lukewarm. Prime rents have stabilised around the £25-£30 level for Zone A space.

A rather less sanguine picture is presented by West Midlands shops. Birmingham rents have been held down by lack of retail demand, and local agents report a fall in secondary rents for the second year running.

Most of the major cities in the region are still suffering from an over-supply of office space. But the take-up of space is accelerating, and in Birmingham

has, the steady fall in asking rents in recent years seems to have been halted.

Around 500,000 square feet of offices were taken from the Birmingham market in 1977. That still leaves well over 4.5m. square feet of empty space in the city centre and Edgbaston areas. But rents for modern air-conditioned buildings, in the £2.50 to £3.50 a square foot range, are lower quality offices. There is a mass of older office space at around £1 a square foot. But prospective tenants remain reluctant to consider refurbishments, allowing for a £1.50 to £2 square foot rent differential. Leicester's office over-supply has crept into the textbooks: the classic example of overdevelopment. But a more active letting market last year, with an overhang to under 1m. square feet. That weight of empty space keeps rents for large units at less than £1.30 a square foot rising to £1.50-£1.60 a square foot for small office suites in city centres.

Rents vary from £1.50 up to £2.50 a square foot in Northampton, where local authorities and Government lettings are the limited market for large units. That compares with a £1.25 to £2.00 range in the search for provincial shops. And this shortage of prime space is clearly reflected in rents, which topped £17 a square foot for Zone A space in the central area of the town, but dropped to only £3 to £4 a square foot in secondary locations.

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THE MIDLANDS V

Engineering worries

MIDLANDS is hardly been especially active in place that comes to mind organising trade missions to the context of supplying the many parts of the world here - oil - industry in the from America to Zambia and h Sea and other exploration most of them have built on early beginnings to good effect. Very often the buoyancy of some overseas markets has contrasted with business from the home market, and there are still no particular smaller concerns, clear trends emerging that 1978 will realise the promise of a 4 per cent. expansion, or what ever it has been endowed with by the economic pundits, at any rate for the general engineering industries.

Labour

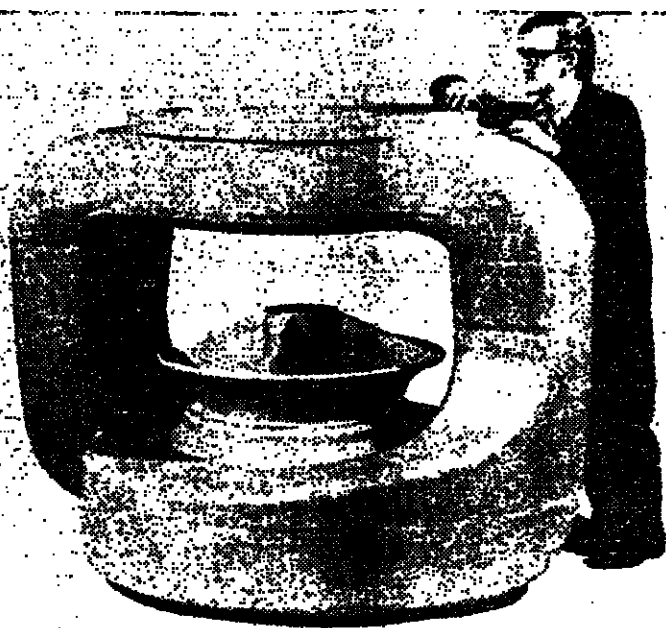
What, frankly, is worrying a lot of Midlands industrialists is the possibility of the money to be released by tax cuts and other incentives to expenditure being poured into consumer durables. In that case it will be of little help, fine enough, of course, for the vehicle and domestic appliance makers, but not exactly what the heavier battalions are looking for. There are small signs of improvement, like the increase in job vacancies, but this could be in part due to the inability to find skilled workers without whom the less skilled cannot be taken on. There is a chronic shortage of maintenance - electricians, welders, fitters, draughtsmen, pattern makers, turners and others involved either in developing new products or keeping plant and equipment ticking over. Chrysler, for instance, could put on another shift at the Stoke engine factory if it could recruit sufficient skilled people. So much for the compression of differentials which

has been such a potent disincentive to spend a few years in acquiring a skill that will not provide much, if any, more than a semi skilled man can earn.

The other human barrier is the Employment Protection Act, which has made everyone, and particularly smaller concerns, chary of taking on labour. What seems to be happening in a lot of instances, where the big companies have a temporary bulge in work schedules (or cut and the skilled workers) some of it is being sub-contracted out to smaller companies.

On the other hand there are some sectors of high technology industries, like aerospace and instrumentation, and many companies with specialist niches that are doing a good deal better than the average, and looking for increasing exports to take turnover to higher levels. While it is a valid criticism that the Midlands has been short of developments in the newer industries like electronics and petrochemicals, it nevertheless has two or three major links with aerospace in Lucas Aerospace, Dowty, Dunlop Engineering and Smiths Industries.

Lucas, for instance, is heavily involved in secondary flying controls for the A300B European Airbus and fuel systems for the RB211, which powers the Lockheed Tristar and Boeing 747. Dowty, which makes undercarriages and other hydraulic equipment, as well as flying controls, and Smiths Industries, avionics, are also engaged in these and other collaborative enterprises. Whether present workloads can be sustained depends very much



A 38 cwt. aluminium bronze pump casing from T. M. Birkett, Lillingdon and Newton's foundry at Stoke, for use in offshore oil work.

on decisions which still have to be taken, like the Government's decision over the BAC X-11, which has a direct competitor in the 150-seat Aerospaciale A200. No one is underestimating the intense competition that has been developing.

Using seasonally adjusted figures, unemployment in the Midlands is seen to have been falling in recent months, and even more encouraging, the number of vacancies has been floating upwards. But when the statistics are broken down into industries, the ebb and flow is only of Mediterranean-like pro-

portions. Vacancies in the vehicles industry group, for instance (where Rover and Chrysler had been recruiting), showed only 400 more jobs available last November than in February 1977. (Industrial action has made more recent comparisons unobtainable.) In metal manufacture the same comparison reveals only 28 more vacancies and only 52 more in mechanical engineering. There may well be, and probably are, more vacancies available than are notified to employment offices, and if a general upturn occurs it will be interesting to see how quickly they will be filled. A substantial proportion are for skilled people of whom there is already a considerable shortage. This could become acute and inhibit expansion.

If this happens it could hit the smaller companies, which are now being invited in out of the cold by the Government. Regionally they provide a third of the manufacturing jobs and comprise 86 per cent. of all companies. The industrial scene in the Midlands is full of apparent anomalies and contradictions with experiences differing according to marketing and management skills, especially overseas, as well as to products. The one unifying factor is the fear that the boom, if it comes, will be channelled into domestic equipment and the like, leaving the machine tool, metal working and general engineering industries stranded.

Peter Cartwright

Prosperity in the Potteries

VERY FEW industries can rival the ceramics manufacturers in the proportion of output exported, which has run consistently above 40 per cent. And none excel it in its conversion value of almost wholly indigenous materials. Moreover, it is one of the very few industries, probably the only one, whose main sector, in this case tableware which is having improved their accounts for about 60 per cent. performance, especially of exports, is working overtime because of a well known, rusted name. Devaluation beautiful and successful. The inexperienced to main groupings are as big as overseas markets more any of their kind in the world - Birmingham and one or two, like that maker of industry has ing wall-tiles, are the biggest in

the world. Success has been to be the second most important of its kind in Europe, strongly challenging the German show. Last year the fair produced about £10m. worth of business for the ceramics industry, and this year should see this comfortably topped. The buoyancy of overseas markets, and the concerted drive into Europe, which has seen EEC markets collectively overtake the U.S., together with price increases, have enabled the industry to chalk up new records. Last year production is expected to have reached more than £350m. (Final figures are not yet available), with total exports of nearly £140m. These figures compare with £298m. output in 1976 and £119m. exports.

Reversed

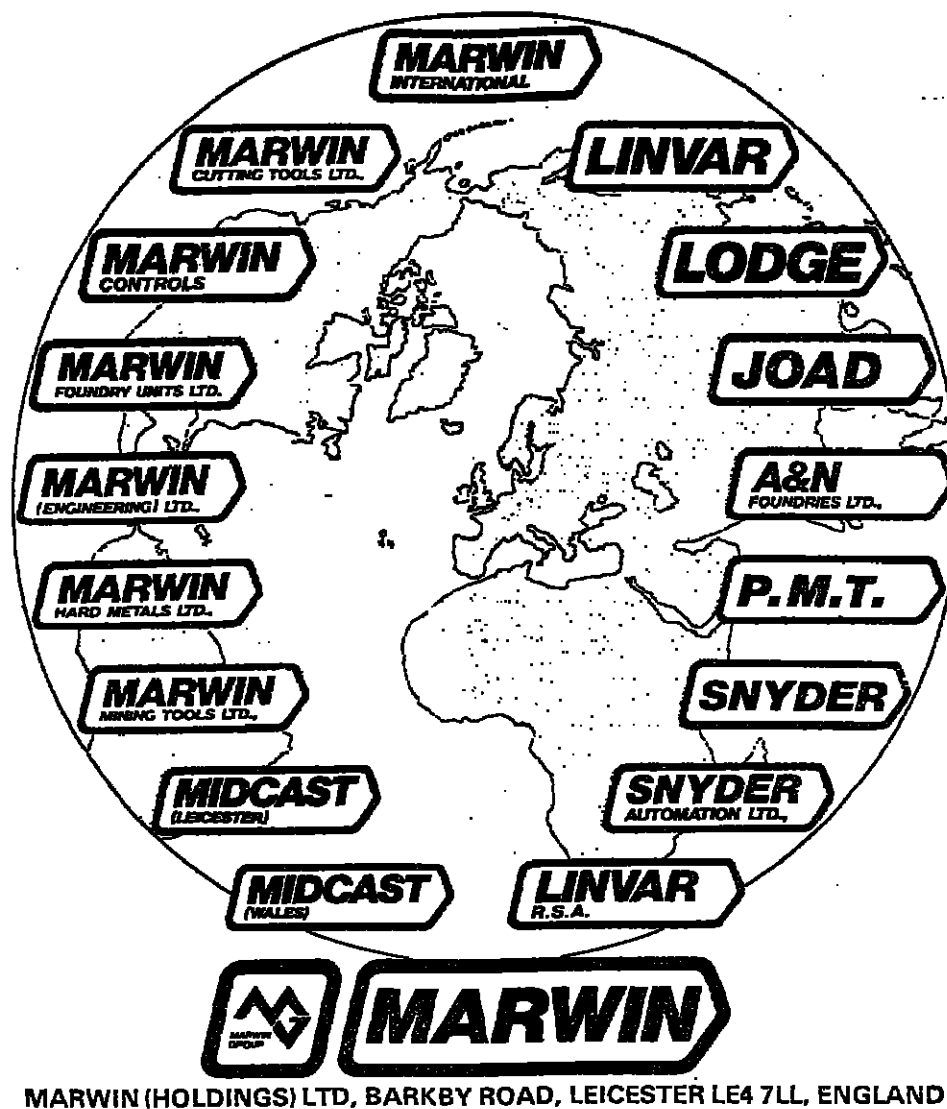
This year it will be hard to maintain this momentum. The weakness of the pound and high export demand enabled tableware and some other makers to charge top prices overseas to counter U.K. price restrictions. A stronger pound and weaker foreign currencies has reversed this trend and it is to be expected that profit margins will be squeezed. Nevertheless, investment is continuing at a high level and should help to maintain the industry's competitive position. It is difficult to estimate the aggregate of projects within the industry, but informed sources put the current rate at £12m.-£15m., or around 4.5 per cent. of turnover. Wedgwood, which exports 62 per cent. of its products and is working overtime in the fine china and Jasper sections, is about half way through a £10m. modernisation and expansion programme. The capacity of the Barlaston factory, to the south of Stoke-on-Trent, is being raised by one-third, there is a new purpose-built factory for making ceramic transfers, and the sanitary ware factory is being extended. Altogether about 1,000 extra jobs are being created by 1981. The Doulton group, which has 21 factories, has an investment programme of around £8m. a year to bring older factories up to modern conditions, to expand production selectively and to give greater flexibility. Royal Worcester-Spode is also undertaking a number of projects aimed at consolidating and then expanding the group's interests. The main aim of these and other programmes is to make more economical use of scarce, highly paid labour and to improve quality. Like other industries, the ceramic industry has felt the impact of equal pay for women, Health and Safety Act, Protection of Employment and other measures which have added to the pay roll without increasing overall efficiency. In some instances they represent a burden not borne by competitors overseas, and mechanisation of the less skilled processes is going on apace to offset the effects.

Dependent

Even so mundane a branch of the industry as sanitary ware has been doing extraordinarily well overseas. Encouraging though this is, exports have by no means offset the downturn in the home market. Since 1974 about £1.5bn. has been taken out, mainly in construction, and only £830m. has been put back in, making a fairly hefty deficit, and leaving most sanitary ware makers at only 70-80 per cent. capacity. The home market is becoming increasingly dependent on home renovations, grant aided improvements and the do-it-yourself sector of the market, which to-day accounts for an estimated 60 per cent. of sales. The electro ceramics sector has also been grateful for export sales for providing additional turnover to a stagnant home market. One or two of those in the smaller product end, which uses powder-forming techniques, are diversifying into the more traditional lines, such as small animals and other items likely to catch the tourist's eye.

The giftware market is becoming an increasingly important outlet. Proof of this is seen at the International Spring Fair, which has just closed at the National Exhibition Centre near Birmingham. It is now reckoned

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FINANCIAL TIMES

Tuesday February 14 1978

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Spending in shops shows slight fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN shops fell back slightly last month from the high December level, but it remained much stronger than during the rest of last year.

Latest figures suggest that the recovery in consumer demand still falls well short of sustained boom conditions. Reports from the retail trade indicate a possible slackening in the level of sales for the next few weeks, until the time of the Budget in mid-April.

The retail sales volume index in January was 106 (seasonally adjusted, 1971=100), according to the provisional estimate published yesterday by the Department of Trade.

This compares with the revised figure of 107.0 in December, but is more than 2 per cent above the average level last year, and is 11 per cent higher than in January, 1977.

It would be wrong to read too much into the slight fall in January, especially as the estimate is subject to later revision. The pick-up in the last two months means that the volume of trade between November and January was 11 per cent higher than in the previous three months.

The Department of Trade says that the rise may have been affected by the bad weather reduction in income tax.

Spending in the past couple of months may also have been

RETAIL SALES			
	Volume 1978=100 (seasonally adjusted)	Value per cent change compared with a year earlier (not seasonally adjusted)	
1976 1st	105.9	+14	
2nd	106.9	+12	
3rd	107.2	+12	
4th	105.9	+14	
1977 1st	103.2	+14	
2nd	102.6	+13	
3rd	104.6	+15	
4th	104.9	+14	
1978 Jan.	106.0	+11	
Dec.	107.0	+16	
Jan.	106.0*	+13*	

* provisional estimate
Source: Department of Trade

boosted by pre-Christmas business and New Year sales and is no higher in real terms than the average level in 1976. Even after the usual seasonal adjustment, the extent of the underlying upturn is not yet clear.

The view of the Retail Consortium is that the volume of sales could slacken this month and in March, after which a sustained increase should develop.

This is partly because some spending power is being held up as a result of the large number

of workers delaying pay settlements.

This should be only a temporary check and an upturn could occur sooner if there is a pre-Budget speculation about a rise in indirect taxes. At present, however, any increase in these taxes, which is still uncertain, looks like being fairly small because of the Government's concern about holding down the rate of price inflation.

Consumer spending is expected to rise strongly from the second quarter onwards under the impact of the sharp recovery in real earnings and further cuts in income tax. Most economists predict an increase in expenditure of between 3 and 5 per cent in real terms in 1978 compared with last year.

It is not yet clear how long it will take for the rise in spending to boost production, in view of the previously high level of industry's stock of finished goods. A significant part of the evident slackening in the growth of output may be due to the fact that the stock of finished goods has already been happening with cars.

The expected strength of consumer demand and imports later this year, coupled with the evident slackening in the growth of exports, has made some officials more cautious about the size of the inflationary stimulus to be applied in the April budget.

Department may withhold highway payments

BY MICHAEL CASSELL AND ELINOR GOODMAN

THE DEPARTMENT OF Environment may withhold payments to suppliers involved in some highway contracts following yesterday's registration of price rings operated unlawfully by the road surfacing materials industry.

It is understood that the agreements are the first of as many as 1,000 involving road material suppliers which are expected to be placed on the Register of Restrictive Practices within the next few months.

The agreements, which have now been terminated, covered the fixing of prices between suppliers of blacktop. The major purchasers of blacktop are local authorities and central government agencies. Building contractors sometimes act as middle men.

The Department of the Environment specifically requests:

ment insists that companies carrying out highway contracts on its behalf sign a certificate to provide a specific assurance that they have not been involved in any collusion during the tendering process. Some local authorities operate a similar policy.

Yesterday's move by the Office of Fair Trading could open the door for large numbers of customers to seek redress through the courts.

Under the restrictive trade practices legislation, it is unlawful to operate a price ring with out first notifying the OFT. Aggrieved customers can sue for damages through the courts, though in practice it is difficult to establish what would have been a fair price had there been no collusion.

Because the Department of the Environment specifically requests:

an undertaking on all highway contracts that tenders have not been fixed or adjusted by arrangement with any other body or person, the exposure of the facts could also lead to criminal proceedings.

The Department said yesterday that it was reviewing the situation in the light of the OFT move. One option might be for it to withhold payments and to pursue suppliers involved in completed work to see if there was a possibility of civil redress.

The agreements revealed yesterday were mostly in the North and Midlands and involved 14 companies. Among the companies placed on the register were Tarmac Roadstone, Wimpey Asphalt, Tilling Construction Services, Thomas Ward, and Redland and Cawoods.

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Rheem withdraws Redfearn bid

BY CHRISTINE MOIR

REDFEARN NATIONAL GLASS has just lost one of its three suitors. Yesterday, Rheem International, the U.S. company which made a partial bid for Redfearn last August, suddenly withdrew its offer.

No explanation was offered by Rheem except that it had "gone cold on the idea" of seeking a control of Redfearn, but a meeting with the commission today.

A spokesman for Rheem's merchant bank advisers, Morgan Grenfell, said the bid had involved Rheem in considerable work in complying with demands for information from the Monopolies Commission.

It was Rheem's original offer which started, first a full-scale bid worth £18.5m, from Rockware Group, the U.K. glass container manufacturer, backed by Pilkington Brothers, and then a statement from United Glass that it was also contemplating a bid.

All three bids technically lapsed in September when they were referred to the Monopolies

Commission which is due to report next month. In the interim, however, the three had re-affirmed their interest.

Yesterday, both Rockware and United Glass claimed that they were still standing. United Glass said: "There is a reference in progress in which we are participating fully. We had a meeting with the commission today."

A Rockware, Mr. D. M. G. Bailey, a director said: "We have gone to great lengths to present our case to the commission and we think we have a very good case. We believe there is a lot of industrial logic to a merger between our company and Redfearn."

The withdrawal of Rheem, however, re-awakens the possibility that Redfearn may remain independent. Of all three bids Rheem's would have been the most difficult to fault on monopoly grounds since Rheem was seeking a fraction over 50 per cent of Redfearn's shares

whereas both Rockware and, presumably, United, are both seeking a total takeover.

Visitors bring Scotland 5% of 'exports'

SPENDING in Scotland by tourists and business visitors from other parts of the U.K. and overseas represents nearly 5 per cent of the total "export" earnings, a study has shown.

The Research Institute of the Scottish Council said yesterday that in 1973 the total value for tourists and business visitors was £192m, of which £56m went to hotels and restaurants.

Although the amount spent in years since then would have increased, relative to other activities it would remain in much the same proportion.

New oil tanker safety rules

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

ALL CRUDE oil tankers over 40,000 deadweight tons will have to use either a clean or segregated ballast system or be fitted with special crude-oil washing facilities under the terms of a package likely to be accepted by a tanker safety conference in London.

The package, which represents a compromise between American demands for compulsory segregated ballast and the British case for crude oil washing systems as an alternative for vessels over 70,000 dwt, is expected to go from committee to a plenary session of the International Maritime Co-ordination Organisation tomorrow.

Although the agreement represents a big success for Britain, Japan, Holland and their allies in heading off an American scheme which it was said would have put up the price of seaborne oil by 2 per cent, there will be some reservations in the U.K. tanker industry about the compromise on tonnages.

Segregated or clean ballast (the former involves building in special seawater ballast tanks, ballast ceasing to be an option for oil cargo tanks for exclusive ballast use) will be compulsory for existing petroleum product

carriers over 40,000 dwt from the date the protocol is accepted. The package now before the conference proposes that this should be from June, 1981.

An original American requirement for double-bottoms in all tankers over 20,000 dwt has now been modified to a requirement that segregated ballast tanks, where they are installed, should be placed in a position which gives maximum protection against an oil spill in the event of collision or grounding.

The details of the proposal are: All new crude carriers over 20,000 dwt to have segregated ballast tanks and all over 20,000 dwt to have clean or segregated ballast from June, 1981.

Existing crude carriers over 40,000 dwt to have clean or segregated ballast or washing facilities from June 1981 with clean ballast ceasing to be an option for 70,000 plus vessels in June 1983 and for 40,000 plus vessels in 1985. Inert gas for all crude tankers over 70,000 dwt after

1983 and after 1985 for 40,000 dwt plus vessels.

Existing product carriers over 40,000 dwt to have clean or segregated ballast from June, 1981.

Authors given library payment offer

A SCHEME to give authors a better deal from libraries has been put by the Society of Authors by the Association of Metropolitan Authorities.

It would give authors extra payments when libraries bought their books, as against recent proposals to set up a loans-based deal in libraries for authors.

Frankly, the end result would be more clearly equitable," Mr. Ellis Hillman, chairman of the association's Arts and Recreation Committee, said yesterday.

The more popular an author's work, the more copies of each book would be bought. But at the same time, the authors of worthy but less frequently borrowed books would also be assisted.

State industries likely to follow contracts policy

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS are now confident that virtually all nationalised industries and some local authorities will follow the Government's example and operate contract clauses with private industry to force observance of the 10 per cent pay guidelines.

This emerged last night following information from Mr. Denis Healey, Chancellor of the Exchequer in the Commons that the Government intended to invite all nationalised take account of the "blacklist" when negotiating public sector contracts.

No decision has yet been taken on whether to issue a formal invitation to local authorities to do the same. Ministers acknowledge that Conservative-controlled authorities would be unlikely to comply but hope that those controlled by Labour will do so as a matter of course.

Sanctions

The extension of the Government's sanctions policy to the whole public sector, underlines the Chancellor's determination to do what he can to get the inflation rate down to around 7 per cent by the early summer and to maintain that level for the remainder of the year.

Any increase in inflation in the summer or early autumn would severely damage Mr. Callaghan's prospect of calling a general election in October, he affirmed, of throwing away, all the benefits of increasingly tough methods of "going soft" when it came to taking action to make sure the moderation continued.

Sir Geoffrey, in his attack on the Government's adoption of the blacklist, condemned the arbitrary use of economic sanctions against companies and workers who had negotiated pay settlements beyond a rigid limit which Parliament had not approved. He demanded to know when the 10 per cent average limit would be turned into a rigid limit and by what authority this had been done.

Parliament Page 12

hoped there could be more flexibility.

But it became impossible to achieve the central objective of an increase in average national earnings of below 10 per cent while still allowing some settlements significantly above that figure.

There was also a clear indication from the Chancellor that similar clauses on pay guidelines would be inserted into contracts negotiated under any future pay policy. "It would be quite ridiculous to confine the operation of the pay clauses to the particular year, in which the contract was signed," he said.

Mr. Healey, although seething about the "irresponsible and desperate political opportunism" being displayed by the Conservatives, appeared hopeful that the CBI Council would take a "sensible" view, when it meets tomorrow.

"I know they support the pay policy and accept the need for sanctions to support it. I believe it should be possible to satisfy them... that the use of these clauses should not be oppressive or unreasonable."

Arbitrary

The tone of the Chancellor following the announcement last week of the controversial pay clauses, was totally unrepentant. The Government had no intention, he affirmed, of throwing away, all the benefits of increasingly tough methods of "going soft" when it came to taking action to make sure the moderation continued.

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Parliament Page 12

Barclays considers Saturday opening

BY NICK GARNETT, LABOUR STAFF

BARCLAYS BANK is considering the resumption of Saturday morning opening at some of its branches as part of a programme of changes in opening times which could have widespread repercussions for the other clearing banks.

The bank wants to introduce pilot schemes at some branches, which also involve changes in week-day and evening opening hours. These could then be made permanent if they proved successful.

All the London clearing banks are keeping their opening hours under review, but the Barclays project is meeting stiff union resistance.

In an attempt to negotiate flexibility for the schemes, a productivity deal with very tough strings attached has been put before the staff unions.

The deal, which both the National Union of Bank Employees and the Barclays Group Staff Association have been seeking, would be based on the increase in the number of accounts and transactions and would run from January this year.

In return, Barclays is seeking freedom to "experiment" in selected branches with opening hours including, with staff approval, Saturday mornings.

The staff bodies would also have to co-operate in cost-saving exercises, including a review of the branch network which could lead to a large number of closures.

The bank is demanding an undertaking from the two staff bodies not to carry out any form of industrial action of any kind for the whole of this year. In addition, the bank employees' union, which has thrown national negotiating machinery into confusion by announcing its withdrawal, would have to suspend that decision for at least 12 months.

Yesterday the union said that the conditions were completely unacceptable. No case had been made out for Saturday opening or the changing of week-day hours.

The group staff association which is due to discuss the offer today, said that it was not yet ready to say whether it would accept the offer, but it would be very difficult for staff to accept them.

Barclays said it was aware of the bank's attitude to the conditions, but talks were continuing.

Alex Park joins Lonrho City HQ

BY TERRY DODSWORTH

MR. ALEX PARK, the former chief executive of British Leyland and the foremost casualty of the recent management shake-up of the company, has joined Lonrho, the international trading group which owns the Volkswagen franchise in Britain.

Lonrho refused to say yesterday whether Mr. Park, 52, will have any special role to play in relation to Volkswagen. But it confirmed that Mr. Park will be working from the group's headquarters in the City of London rather than the VW building in Croydon, Surrey.

VW was bought by Lonrho in 1973. Although it has dropped the long position in the importing league to number four in recent years, it has proved a valuable acquisition, contributing about 25m. to group profits last year.

Since the VW takeover, Lonrho has embarked on a policy of spreading its interests in the U.K. with the acquisition, among others, of Brentford Nylons and Dunford and Elliott the Sheffield steel group.

It was being suggested last night that Mr. Park's experience would be a useful complement to the group's activities.

A cost and works accountant by training, he has worked with a U.S. company in Britain at Cummins Engines, and rose to general controller of Rank Xerox in the company's most expansionary phase in the early 1970s.

He joined British Leyland as finance director, but after the reorganisation planned by Lord Ryder three years ago, was given the job of chief executive.

The Director of Public Prosecutions has not yet reached a decision on whether to take legal action after the critical Department of Trade report on Lonrho completed in 1976.

A spokesman for the DPP said yesterday that Lonrho had been sent no official communication and in any case no decision had yet been reached.

Sir George Bolton, deputy chairman of Lonrho, said there had been frequent informal communication between the company and the Department of Trade, and that Lonrho had been told that "there was nothing for us to worry about."

THE LEX COLUMN

Nottingham cuts a stylish pattern

The gilts market was feeling

twitely about the pending trade figures yesterday, and the long tap fell by half a point to £234, just below the level at which it was first operated last week.

However, prices picked up a little towards the close.

Nottingham Mfg.

Nottingham Manufacturing has emerged with style from a lean summer for the garment business and a very tough year in the carpet trade. Profits before tax are just over a fifth higher at £18.6m, excluding a £1.4m surplus on the sale of investments (gilts, plus its Wood Bastow holding). Exports have played a part, having risen by very roughly two fifths. The home market performance has also been impressive, considering that after a bright start clothing sales stagnated through most of the year.

In 1978, the trading background should be more favourable. Nottingham is not expecting much of an upturn in consumer spending until after the Budget, but it will feel the change quickly if and when it comes. And it believes that the new Multi-Fibre Arrangement will be of real assistance in stabilising the market at the cheaper end. Knitted outerwear, its speciality, is one of the most restricted categories of imports under the new scheme.

Against this background, the shares have been strong performers in recent months. They closed at 114p yesterday, the highest point for nearly five years. At this level the yield is only 4.3 per cent, and Nottingham does not have the recovery scope of most textile groups. But other companies do not have its profits record, its dividend cover (64 times after a low tax charge) or its cash balances. These amount to well over two-fifths of the market capitalisation of £50m.

South Africa

Time was when the annual visit to the South African subsidiary gave a U.K. company chairman an ideal excuse for an extended trouble-free winter holiday. However, times change and although some U.K. companies are still making handsome returns in South Africa, business and political problems are now taking up more and more of the chairman's time.

The pressure for such a change in the U.K. Companies Act is, for the most part, coming from the country's large accounting firms. They do not have to cope with smaller companies and incomplete records. The big accountants believe that the profession's auditing standards will not be seen to embrace all types and sizes of companies. Hence the review proposal.

However, there are big differences between the stiffening in the U.K. and countries such as the U.S., Canada and Australia. Statutory audits for all companies have been mandatory in Britain for almost 80 years. They are now accepted part of the business environment, and are a simple price to pay for the privilege of limited liability. The same has never been the case in other countries—even the U.S. still has no statutory requirement for unlisted companies to have audits.

One company, however, that has decided to bite the bullet is Drake and Scull. It recently sold its 75 per cent interest in

its South African subsidiary to its local directors for £1.1m—the price is equivalent to net asset value, but compares with last year's profits of £0.7m. According to the chairman, there is a "real concern" that South African exchange controls will become more stringent in 1978-79, thus making it increasingly difficult to remit dividends to the U.K.

Small Audits

The news that U.S. accountants are proposing to introduce reviews of accounts for private companies coincides with a debate in the U.K. about whether small companies here should be exempted from the rigours of a full-scale audit. The U.S. proposal, which is on similar lines to practice already common in Canada and Australia, are said to be a direct response to the needs of small companies for different levels of accounting services.

Opinion leaders in the U.K. profession are pressing for per cent annual and in 1974 real GDP rose by 7.1 per cent. Over the last couple of years, too much in the case of a private business and a local averaged 1.3 per cent, while accounting firm, the suggestion inflation has been running at over 10 per cent. For most U.K. companies South Africa is no longer quite the moneyspinner that it once was and the scars are beginning to show.

The news that Glynwed's South African subsidiary, Defy Industries, is considering merging with the household appliance side of the South African subsidiary of America's General Electric, underlines the problem. Defy, which has around two-thirds of the local electric cooker market, has had a chequered history and 1977 proved to be a very difficult year—profits were down sharply and the final dividend was passed. Glynwed is not at all keen to pump extra money into the company from the U.K. and although it considered selling out completely, it would only achieve this for a fraction of the group's net worth of around £10m. It appears that U.K. companies that want to pull out of South Africa will have to pay a high price, as Reed International is no doubt aware.

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